



MONTANA CONSOLIDATED PLAN ANNUAL ACTION PLAN

**PLAN YEAR
April 1, 2004 -- March 31, 2005**





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INTRODUCTION

Each year, Montana submits an Action Plan illustrating how the Housing and Urban Development (HUD) Community Planning and Development (CPD) resources will be utilized to improve communities throughout the State. The State's goals include:

- ☑ Increasing the supply of decent, safe, affordable housing, especially for low- and very low-income families and individuals;
- ☑ Providing housing for special needs populations such as the elderly, disabled and homeless;
- ☑ Expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups; and
- ☑ Expanding and improving community facilities and services, principally for low- and moderate-income persons, which are essential for sound community development and for development of viable communities.

This Action Plan is for the 12-month period beginning April 1, 2004. The Plan, developed with the input of citizens and community groups, serves four major functions:

- It is the State's application for funds available through the three Department of Housing and Urban Development (HUD) formula grant programs that are administered by the State of Montana: the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs.
- It is the annual planning document, built through public input and participation, for CDBG, HOME, ESG and other related programs.
- It lays out the funding resources expected, the method of fund distribution, and the actions the State will follow in administering HUD programs.
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

The Montana Department of Commerce (MDOC) administers the Community Development Block Grant Program, the HOME Investment Partnerships Program, and the State of Montana Consolidated Plan. The Montana Department of Public Health and Human Services (MDPHHS) administers the Emergency Shelter Grant Program.

The State supports the Annual Action Plan with additional documents, including the *Economic and Demographic Analysis of Montana*, the *Economic and Demographic Databook*, and the *Montana Housing Resource Directory*, all updated in Fall 2003. These documents, studies, evaluations, and previous Consolidated Plan reports help individuals, communities, and organizations meet the basic goals of the CDBG, HOME, and ESG programs, and provide useful information for the public and legislature.

The Annual Action Plan provides details to citizens, public agencies, and other interested parties on the amount of assistance Montana expects to receive, the range of activities that may be undertaken, and the general program activities that may be planned in addressing the priority needs.

CONSOLIDATED PLAN DEVELOPMENT PROCESS

Updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the State strives to improve the delivery of assistance to the people of Montana. The State supports policies and programs that support decent, safe, affordable housing, services for the homeless and other non-housing community development activities, such as infrastructure enhancement and economic development. The update process consists of several distinct steps, including:

- Advisory and policy formation functions;
- Interagency cooperation and coordination;
- Consultation and outreach with concerned citizens and organizations;
- Public awareness of the citizen involvement process; and
- Delivery of program services.

ADVISORY AND POLICY FORMATION FUNCTIONS

Throughout the year, the MDOC interacts with other agencies and organizations with a commitment to better develop housing strategies. The MDOC maintains its commitment to inform others of their responsibility to participate in the Consolidated Plan process and to promote affordable housing, adequate infrastructure, and economic development in local communities. The MDOC supports a broad-based “team” approach to address affordable housing issues through the formation of the Consolidated Plan Steering Committee, Housing Coordinating Team, and Housing Working Group. The MDOC has also been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team (W₂ASACT), which was formed in 1982 to address infrastructure issues. These committees and groups continue to provide direction and input to the Consolidated Plan.

The Housing and Community Development Divisions of the MDOC continue improving coordination in the area of joint applications, workshops, and reporting forms.

The CDBG Economic Development (CDBG-ED) Program works in tandem with the other business financing and technical assistance programs in the Business Resources Division to meet the objectives of the MDOC regarding statewide economic development. In addition to providing loans to for-profit businesses, CDBG provides leverage of dollars and technical assistance to the business community throughout the State.

The MDOC HOME Program continues to advise nonprofit groups on how to form certified Community Housing Development Organizations (CHDOs). An MDOC-certified CHDO can apply for set-aside funds under the MDOC HOME Program. Local units of government (cities, towns, and counties), Public Housing Authorities (PHAs), and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description.

INTERAGENCY COOPERATION AND COORDINATION

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, MBOH and CDBG programs, other Housing Division programs, Montana Home Choice Coalition (A.W.A.R.E., Inc.), and Fannie Mae's Montana Partnership Office met during the Plan development process to review the status of the Action Plan. In addition, other agencies, such as the Montana Department of Environmental Quality (MDEQ), the Montana Department of Natural Resources and Conservation (MDNRC), the Montana Department of Public Health and Human Services (MDPHHS), and the Montana Department of Labor and Industry (MDOLI), are solicited as needed for input on specific topics contained in the Action Plan and supporting studies.

The **Housing Working Group** (HWG), formed by the Department of Commerce in 1996, continues to review areas where regulations are adding to the cost of housing. Other areas addressed by the HWG include the legislative process, comprehensive planning and zoning, subdivision standards, disincentives to building within city limits, and financing for infrastructure costs. In addition, the HWG, in conjunction with the Department of Environmental Quality, developed an Affordable/Energy Efficient House Plan book, with entries submitted by Montana architects.

The **Housing Coordinating Team**, also chartered by the MDOC, continues to facilitate statewide coordination in the delivery of housing services to individual housing providers and local organizations. Areas of cooperation include evaluating the effects of impact fees on affordable housing, coordinating monitoring requirements within the MDOC programs, and making minor adjustments to the common application for housing projects. Participating organizations include the Montana Departments of Commerce and Public Health and Human Services, HUD, Fannie Mae's Montana Partnership Office (MTPO), U.S. Department of Agriculture Rural Development (USDA-RD), and local housing authorities.

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W₂ASACT) is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. W₂ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W₂ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local

government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W₂ASACT subcommittees continue to address issues of community planning and environment regulation in order to streamline the application and project implementation process for small rural communities. One current goal is to consolidate multiple, separate environmental mandates into one coordinated environmental review process, including the development of a common environmental assessment form that would be accepted by all funding agencies.

In addition, staff from the Housing Division regularly attends meetings held by the **Montana Continuum of Care**, the **Montana Home Choice Coalition**, the **Montana Homeownership Network (MHN)**, and the **Tri-State HELP** (Housing Environments for Living Positively) HOPWA (Housing Opportunities for Persons With AIDS) Program. The Consolidated Plan Coordinator is a member of the **Mental Health Oversight Advisory Council** and is a **Montana Policy Academy on Chronic Homelessness** team member.

The **Montana Continuum of Care** (CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area.

The Montana **Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities. A.W.A.R.E., Inc. coordinates the Coalition, which receives support and sponsorship from the Montana Partnership Office of Fannie Mae and the MDPHHS. The Coalition develops new housing and resources directly and in partnership with other entities, provides education, advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities.

An affiliate of Neighborhood Housing Services, Inc. of Great Falls (NHS), the **Montana Homeownership Network** (MHN) is a nonprofit housing provider offering affordable home ownership opportunities to lower income individuals and families around the state. Its partners include the Missoula Housing Corp., State Resource Conservation & Development Board, Natural Resource Conservation Service, USDA-RD, HUD, Assiniboine and Sioux Tribal Enterprise, Salish & Kootenai Housing Authority, Neighborhood Reinvestment, Cities of Great Falls and Billings, Fannie Mae MTPO, First Interstate BancSystem Foundation, Heritage Bank, US Bank, Wells Fargo Bank, Stockman Bank, Montana Building Industry Association, Montana REALTOR™ Association, Career Training Institute, Helena Area Housing Task Force, Helena Housing Development Corporation, Human Resource Development Councils, as well as the MBOH.

The **Tri-State HELP** Program is a housing assistance program for people living with HIV/AIDS in the states of Montana, North Dakota, and South Dakota. Tri-State HELP is

funded with a three-year competitive Housing Opportunities for Persons With AIDS (HOPWA) grant from HUD.

The 1999 Montana Legislature directed the Montana Department of Public Health and Human Services to create the **Mental Health Oversight Advisory Council** (MHOAC). MHOAC provides input to the MDPHHS in the development and management of the public mental health system. MHOAC membership includes consumers of mental health services, including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, and MDPHHS representatives.

The **Montana Policy Academy on Chronic Homelessness** team consists of representatives from the Governor's office, the legislature, state agencies, local advocates, and the Montana Continuum of Care. The team's vision statement is "to provide the state-level leadership and coordinated effort that will end chronic homelessness by 2010."

CONSULTATION AND OUTREACH WITH CITIZENS AND ORGANIZATIONS

As part of the Plan update, numerous outside agencies and individuals were contacted. Organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the Action Plan and related studies.

PUBLIC AWARENESS OF THE CITIZEN INVOLVEMENT PROCESS

To gather additional public comment for the planning and review process, three public input meetings were held in March and June 2003. The March meeting in Billings was held in conjunction with the "Planning and Building It Right" workshop for infrastructure planning, financing and management, co-sponsored by the Montana Departments of Commerce, Environmental Quality, and Natural Resources and Conservation, and USDA Rural Development/Rural Utility Service. The second meeting was held in Helena together with the "Needs Assessment/Market Analysis" training sponsored by the MDOC Housing Division and the Montana Board of Housing. A free lunch was provided at each of these meetings. Light refreshments were provided at the third meeting in Pablo held in combination with the "American Indian Pathways to HomeOwnership" conference and the Salish-Kootenai Housing Fair.

Two public review meetings were held in September 2003 together with the "2004 HOME Program Application Workshop". The Billings public review meeting on September 16 included hearings for the HOME Program, the Statewide PHA Plan Update, and the Low Income Housing Tax Credit Program's draft annual Qualified Allocation Plan for 2004. The meeting in Butte, September 18, included HOME Program updates and the Statewide PHA Plan Update. Representatives from the state CDBG Program were available at each of the meetings to answer questions and provide information.

On-Site Public Input Meetings			
Billings	March 11, 2003	12:00 – 1:00 PM	Sheraton Billings Hotel, 27 N. 27 th Street
Helena	June 3, 2003	12:00 – 1:00 PM	Colonial Inn Red Lion, 2301 Colonial Dr.
Pablo	June 11, 2003	7:30 – 8:30 AM	The People's Center, 53253 Highway 93 W

On-Site Public Review Meetings			
Billings	September 16, 2003	7:30 – 8:30 AM	Historic Radisson Northern Hotel, 19 28 th St.
Butte	September 18, 2003	7:30 – 8:30 AM	Ramada Copper King Inn, 4655 Harrison Ave.

DELIVERY OF PROGRAM SERVICES

The **CDBG Program**, through a process of application and evaluation of proposals, will commit funds to housing, public facilities, planning grants, and economic development projects. In response to pressure from Congress and HUD to expedite the expenditure of CDBG funds, the Montana CDBG Program proposed to accept applications for both Federal Fiscal Year (FFY) 2002 and FFY 2003 Housing projects during the fall of 2002, and to move up the normal deadline for FFY 2003 Public Facilities applications from the spring to January 2003. A public hearing on the 2003/2004 CDBG Application Guidelines for both CDBG programs was held Wednesday, January 15, 2003 at 1:30 p.m. in the conference room of the Montana Department of Commerce, 301 South Park Avenue, Helena, Montana. No opposition was voiced in regards to the proposed schedule, which was a one-time only event.

The FFY 2002 and 2003 housing projects were accepted in October 2002; the FFY 2004 housing applications were accepted on October 17, 2003. The deadline for FFY 2003 public facilities applications was January 2003, and the 2004 applications were accepted on May 23, 2003.

In essence, the Department conducted grant competitions for both FFY 2002 and 2003 funding allocations over a 16-month period. The objective of this proposal was to establish a long-term annual grant application cycle for future years that would provide for the ranking of both housing and public facility applications in the calendar year before the actual receipt of the FFY CDBG allocation that would fund those projects. This will allow the MDOC to award grants to communities immediately upon notification of that year's CDBG allocation.

A public hearing on the CDBG Application Guidelines for FFY 2004 funds for economic development and planning grant funds (within the housing and public facilities categories) and for FFY 2005 funds for housing and public facilities grants was held on November 7, 2003. No opposition was voiced at the hearing, and the MDOC responded to written comments that were submitted.

The principal comment received was an inquiry asking whether a portion of the CDBG Economic Development dollars should be put into a discretionary account for unique projects that fall outside the currently written guidelines. The comment was made that a

funding account should be specifically established to accommodate an “enterprise facilitation model”. The MDOC responded that it had decided not to establish a separate discretionary account for special projects or to accommodate an “enterprise facilitation model” that would fall outside the requirements of the currently written guidelines.

The MDOC made this determination as part of its initiative to have economic development resources managed on a regional level and to encourage resource providers to develop partnerships for efficient delivery of scarce resources in a way that limits duplication and overlap as much as possible. Local economic development programs are encouraged to partner with related organizations to pursue special projects and apply to the MDOC's existing Certified Regional Development Corporation (CRDC) Program.

Applications for CDBG funds in Plan Year 2004 will be accepted as follows:

- | | |
|-------------------------------------|-------------------|
| • FFY 2004 Planning Grants | April 23, 2004 |
| • FFY 2005 Public Facilities Grants | May 28, 2004 |
| • FFY 2005 Housing Grants | November 19, 2004 |

Economic Development applications are received and awarded on an open cycle until all funds are spent. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation. Project development and revolving loan fund technical assistance are provided by the CDBG Staff and MDOC Regional Development Officers.

The **HOME Program**, through a process of application and competitive ranking, will commit project funds early in the second quarter of 2004 to provide better alignment with the construction season and to better coordinate with projects involving Low Income Housing Tax Credits. HOME application workshops for the program year beginning 2004 were held in Billings, Montana on September 16, 2003, and on September 18 in Butte. Advance public notification of dates and locations took place before the application workshops. The 2004 HOME application deadline is March 5, 2004.

The **Emergency Shelter Grant** Program will continue to use HUD funds to improve the quality of existing emergency shelters for the homeless, meet the costs of operating shelters and provide essential social services to help prevent homelessness. Ninety-five percent of the funds received will be allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana. While the funds available to the ESG Program are less than those allocated to Montana's HOME and CDBG programs, the regional organizations are extremely dependent on the assistance received from the yearly allocation.

Specific guidelines that relate to the individual programs for CDBG and HOME may be obtained by contacting the Montana Department of Commerce. Contact the Department of Public Health and Human Services to obtain guidelines for the ESG Program.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for Plan Year beginning April 1, 2004 is based, in part, on current and past research studies and analyses of housing, infrastructure, and economic development needs. Analyses conducted during the current planning cycle included the *Economic and Demographic Analysis of Montana* and the *Economic and Demographic Databook*. Largely rural in character, Montana is the nation's fourth largest state in total land area (see Montana Area Comparison map on page 35), and with an average population density of only 6.2 persons per square mile, it ranks 44th in population.

Prepared by the Center for Applied Economic Research at Montana State University-Billings, the purpose of the *Economic and Demographic Analysis* is to provide current data and analysis for two primary uses: first, for the Department of Commerce in preparing Montana's Consolidated Plan and in preparing the Annual Action Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities wishing a statewide or county level analysis of economic, demographic, and housing trends.

Volume I of the *Economic and Demographic Analysis*, Economic Profile, presents and analyzes economic data by county for Montana including income and poverty data from the U.S. Census Bureau, employment, earnings and income data from the U.S. Bureau of Economic Analysis, and labor force statistics from the Montana Department of Labor and Industry and the U.S. Bureau of Labor Statistics.

In 2001, Montana's per capita personal income (PCPI) was \$24,044, ranked 46th in the United States, and was 79 percent of the national average of \$30,413. Per capita personal income is total income divided by total population. The 2001 PCPI reflected an increase of 4.7 percent from 2000, compared to the national increase of 2.2 percent. Preliminary statistics for 2002 show a PCPI for Montana of \$24,906, a 3.6 percent increase over 2001. For the United States in 2002, PCPI is estimated at \$30,832, a 1.4 percent increase over 2001. Back in 1969, Montana's PCPI ranked 35th in the U.S.; it has been ranked below 40th since 1984.

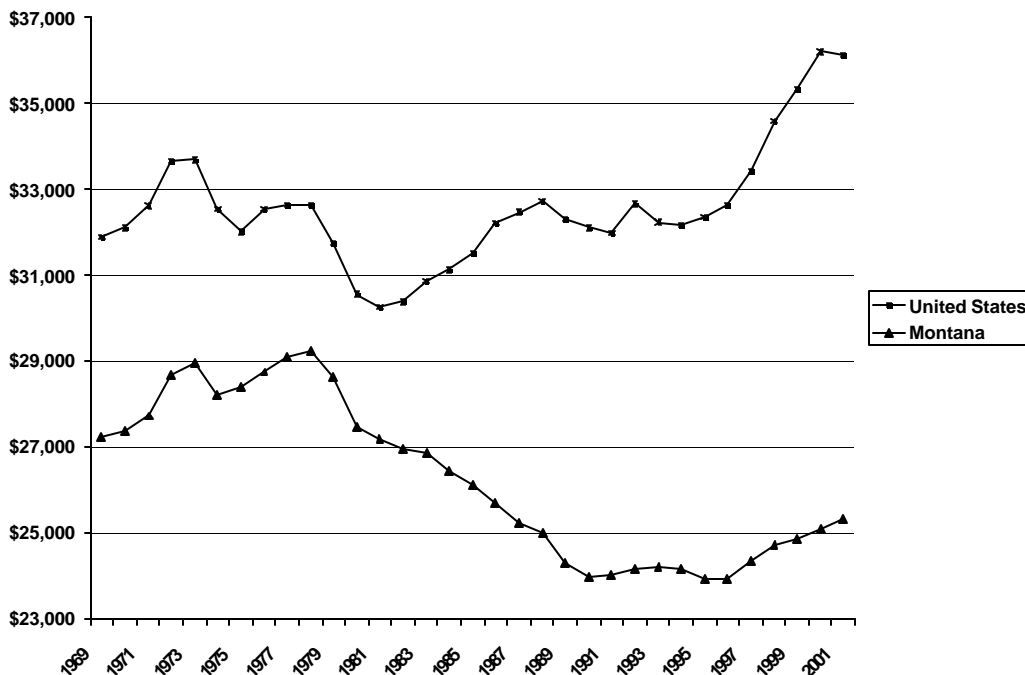
Based on earnings by industry, the largest industries in 2001 were services (27.7 percent of total earnings), state and local government (14.9 percent of total earnings) and retail trade (11.3 percent of total earnings). Of the industries that accounted for 5 percent or more of total earnings in 2001, the slowest growing from 2000 to 2001 was federal (civilian) government (0.6 percent average annual growth rate) and the fastest growing was state and local government (11 percent average annual growth rate). For the period from 1991 to 2001, the slowest growing industry was transportation, information and public utilities (3.5 percent average annual growth rate) and the fastest growing was finance, insurance and real estate (8.6 percent average annual growth rate).

Overall, the Montana economy has become more diversified over the past decade, shifting toward the agriculture, forestry and fishery, construction, retail trade, and service industries and away from mining. These shifts in the economy may cause Montana to respond more rapidly in the future to the changing economic conditions nationwide.

Montana's unemployment rate has dropped one-third over the past decade; however much of the job growth and available jobs continue to be in low paying industries such as agriculture, forestry, and fishery, retail trade, and services. Some counties have enjoyed solid employment growth while some counties have continued to languish. Montana has an educated workforce, but many workers continue to be "underemployed". While the Montana Department of Labor and Industry estimates that the majority of Montana's jobs require a 2-year degree or less, 87.2 percent of all Montanans are high school graduates, 55.9 percent have at least some college, and 30.2 percent have an associate degree or higher. Many Montanans are overqualified for their job taking into consideration their level of education versus that required for the job. When experience and work-related skills are considered, more people become overqualified for their job.

Although the State's per capita personal income growth has outpaced the national average, it is still among the lowest levels in the nation. Unearned income sources continue to grow for Montana's families, and have grown three times faster than wage income. Much of the disparity in per capita income between Montana and the United States can be attributed to low wages and low paying industries in the State. The chart on 10 page compares the weighted average real (adjusted for inflation) wage rate for industries in Montana compared to the U.S. While Montana's wages were only 11 percent lower than the U.S. during the period from 1979 -1981 (which corresponds to the period that mining employment was at an all time high in Montana), they were 44 percent lower than the U.S. in 2001.

AVERAGE ANNUAL REAL WAGES PER JOB **Montana vs. the United States** **2002 Dollars**



Center for Applied Economic Research; data from U.S. Bureau of Economic Analysis (BEA)

Volume II of the *Economic and Demographic Analysis*, Demographic Analysis, presents an analysis of demographic data by County for Montana. These statistics include 1990 and 2000 Census population data as well as current population estimates. Certain social characteristics are also examined such as gender, age and race, population living in group quarters, marital status, veteran status, and school enrollment. Detailed data on the disabled population in Montana is also presented in the Appendix to Volume II of the *Economic and Demographic Analysis*.

Over the past 10 years, Montana's population density and growth was centered around the western part of the state. (See Geographic Center of the Population map on the bottom of page 34) The eastern part of the state has seen a decrease in total population and an increase in the elderly population as a percentage of total population. Unincorporated areas have grown three times faster than the incorporated cities and towns. On the next page is the population growth in incorporated cities and towns versus unincorporated areas, which show more growth.

Table 1 – MONTANA POPULATION GROWTH RATE
U.S. Census Bureau

AREA	1970	1980	1990	2000	1970-2000 30-year growth rate	1990-2000 10-year growth rate
Incorporated Cities and Towns	427,850	437,273	453,884	484,384	13.2%	6.7%
Unincorporated Areas	266,559	349,417	345,181	417,811	56.7%	21.0%
TOTAL MONTANA	694,409	786,690	799,065	902,195	29.9%	12.9%

With much of the growth occurring in unincorporated areas (see Table 1), many of these areas may likely require major infrastructure improvements in the upcoming decades. The five fastest growing counties between 1970 and 2000 were Ravalli, Gallatin, Jefferson, Flathead, and Lake. At right is the population growth for these counties in the incorporated versus the unincorporated areas.

**Table 2 – GROWTH RATE: FIVE FASTEST
GROWING COUNTIES 1970 – 2000**

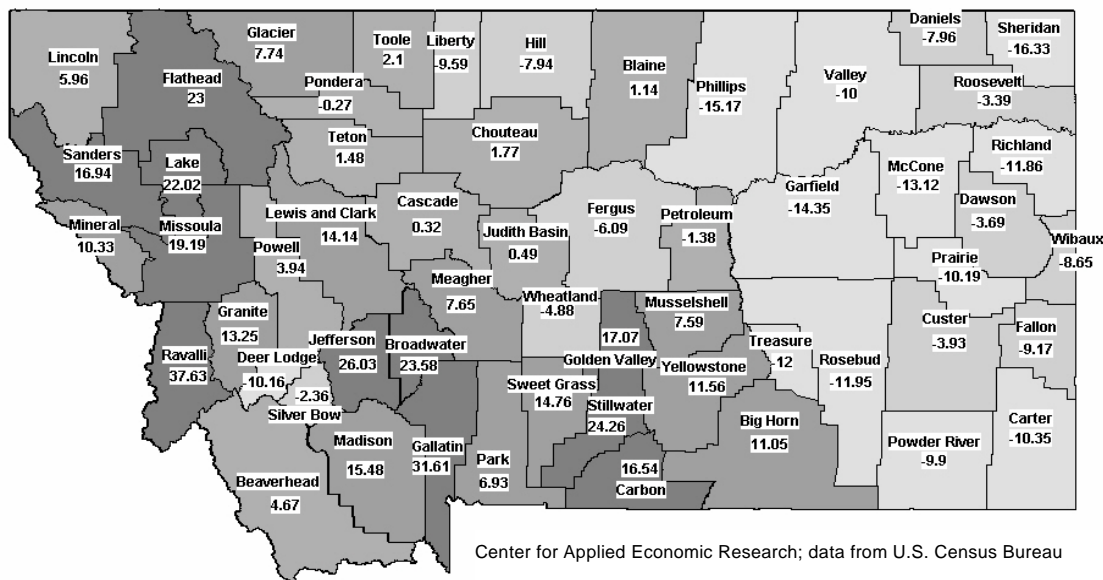
County	Growth Rate 1970 - 2000		
	Incorporated	Unincorporated	Overall
Ravalli	74%	189%	105%
Gallatin	65%	210%	109%
Jefferson	-1%	169%	92%
Flathead	39%	125%	59%
Lake	40%	105%	84%

The map below serves as further illustration of these growth patterns. The darker shaded counties have higher growth rates.

Center for Applied Economic Research

The disabled population has a higher poverty rate and lower employment status than the general population. This, coupled with this population's special needs, makes it a challenge to provide safe, affordable housing for the disabled throughout the state. The appendix to Volume II provides detailed statistics of disability counts by county and cities with a population of 5,000 or more from Census 2000.

10-Year Growth Rate by County 1992-2002



Center for Applied Economic Research; data from U.S. Census Bureau

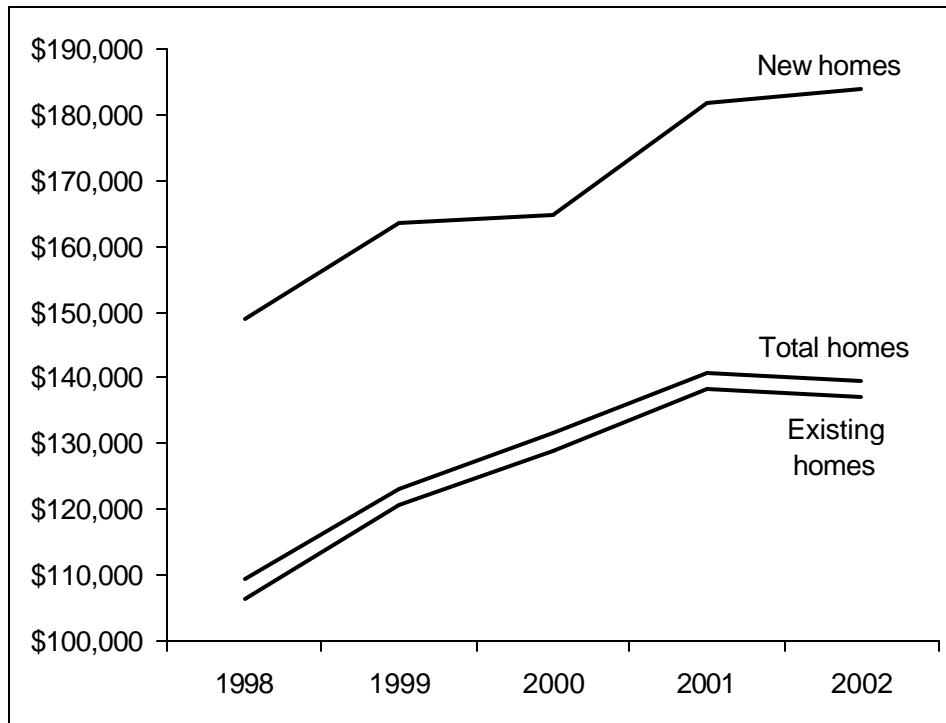
Volume III of the *Economic and Demographic Analysis*, Housing Profile, presents housing statistics by county for Montana using 1990 and 2000 Census data, including (a) the year the structure was built, (b) the number of units in structure, (c) the number of rooms per structure, (d) the occupants per room, and (e) number of structures lacking complete plumbing or kitchen facilities. Census 2000 homeownership rates are analyzed as well. The Census forecast of 2001 and 2002 housing units is also presented as well as historical new construction permit data and 2002 permit valuations. Current year data on total monthly housing costs are calculated including mortgage payment or rental payment, property taxes, insurance cost and utility costs. These costs are compared to median family income to determine affordability. Historical information on housing prices is presented as well.

Although one-unit detached homes (single-family, mobile, or modular home) still represent over two-thirds of the total housing units in the state, the largest increase in housing units from 1990 to 2000 was in the 1-unit attached category (townhouse or duplex with one common wall). Units lacking either complete plumbing or kitchen facilities decreased significantly over the same period, while units with more than 1.5 occupants per room (defined as extreme overcrowding) increased 49.3 percent, or by 1,214 units from 1990 to 2000. Almost one-half of Montana's housing units were 31 years or older as of March 2000, and the median number of room were 5.3 per structure. Over the past 10 years, single-family building permits were at a low in 1997, but have shown a high rate of increase since 2000; permits were at a high in 2002.

Although Montana's housing costs were below the national average in 2002, they are above the national average when calculated as a percentage of monthly household income. The rate of increase in housing costs as a percentage of monthly household income was three times the national increase between 1990 and 2000. The average sales price of homes in Montana is presented in the chart on the top of page 13.

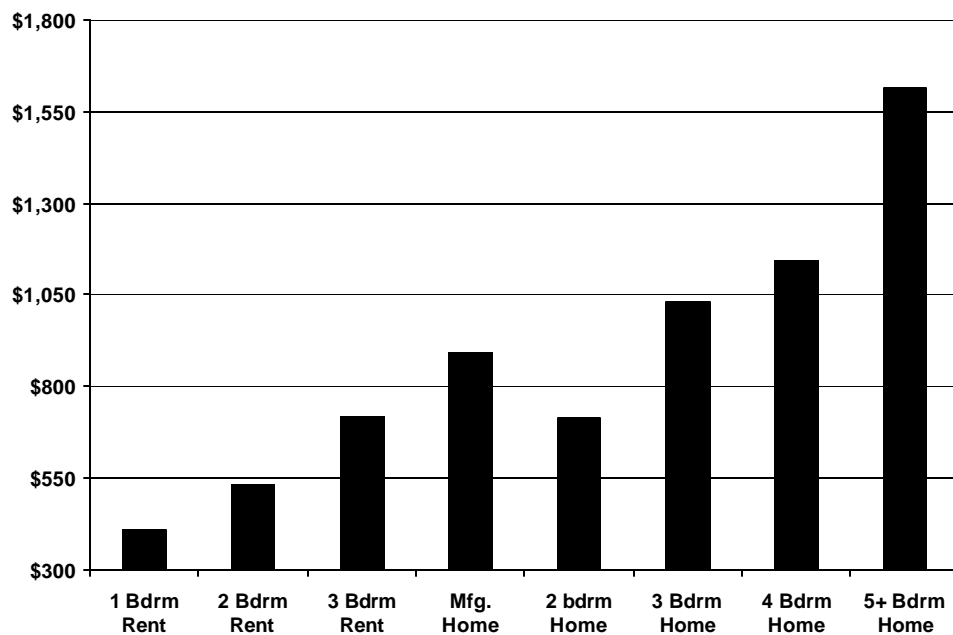
During the period July to September 2003, data was collected on advertised for rent and for sale prices, finance, tax and insurance rates, and utility costs. The monthly cost of housing in Montana was calculated for each county. The average costs for Montana for each housing category are depicted on the bottom of page 13.

AVERAGE PRICE OF HOUSING IN MONTANA



Center for Applied Economic Research

Average Costs for Renters and Homeowners September 2003



Center for Applied Economic Research

HUD sets income limits that determine the eligibility of applicants for assisted housing programs. HUD then calculates three income categories for a four-person household:

- 0-30% of median family income (MFI), the lowest income category;
- 31-50% of median family income, which is defined as very low income; and
- 51-80% of median family income, which is defined as low income.

HUD's definition of a cost burden is when at least 30 percent¹ of a household's monthly income is spent on housing costs, including utilities such as energy. HUD's definition of a severe cost burden is when 50 percent or more of monthly income is spent on housing costs.

Comparing these cost burdens thresholds to the monthly cost of housing, we get a picture of housing affordability. As cost burdens are based on median family income for a family of four, these cost burden thresholds are compared to a 3-bedroom home, which would adequately accommodate a family of this size. If the monthly housing cost exceeds the cost burden threshold, a cost burden or severe cost burden exists, and housing is not affordable (i.e., more than 30 percent or 50 percent of a household's income is spent on housing costs).

Table 3 – HOUSING COST BURDEN					
MONTHLY HOUSING COST			MONTHLY COST BURDEN THRESHOLD (30% of MFI)		
	3 BDRM RENTAL	3 BDRM PURCHASE	0-30% MFI	31-50% MFI	51-80% MFI
Billings	\$902	\$870	\$615	\$1,023	\$1,638
Great Falls	\$780	\$1,013	\$533	\$890	\$1,423
Missoula	\$971	\$1,543	\$610	\$1,017	\$1,627
MONTANA AVERAGE	\$716	\$1,032	\$542	\$904	\$1,445
MONTHLY HOUSING COST			MONTHLY SEVERE COST BURDEN THRESHOLD (50% of MFI)		
	3 BDRM RENTAL	3 BDRM PURCHASE	0-30% MFI	31-50% MFI	51-80% MFI
Billings	\$902	\$870	\$615	\$1,023	\$1,638
Great Falls	\$780	\$1,013	\$533	\$890	\$1,423
Missoula	\$971	\$1,543	\$610	\$1,017	\$1,627
MONTANA AVERAGE	\$716	\$1,032	\$542	\$904	\$1,445

Calculations by : Center for Applied Economic Research

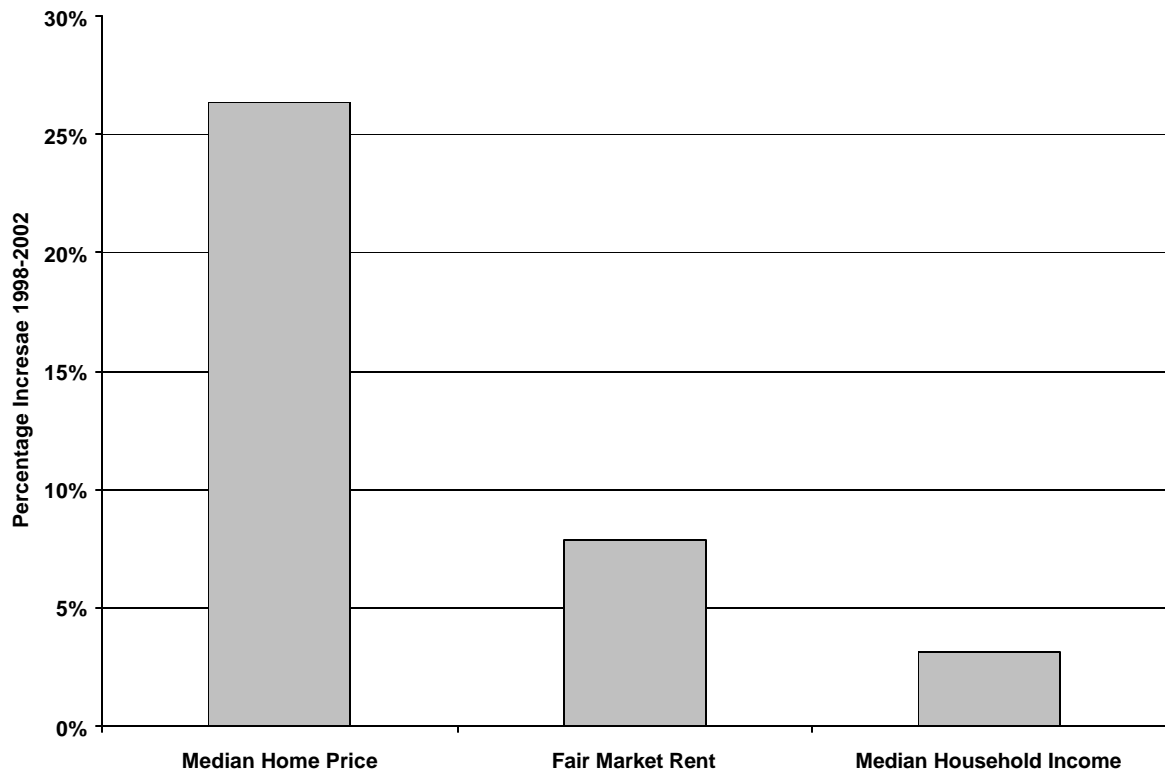
Those numbers above in Table 3 that are shaded and in bold italics could not afford to rent or purchase a 3-bedroom unit without incurring a cost burden. Those numbers in the table above that are bold italics (but not shaded) could not afford to purchase a 3-bedroom unit without incurring a cost burden.

Affordability and attainability continue to be a concern for many households in Montana, not just low-income families. Attainability considers whether a household is willing to

¹ HUD's 30% calculation has become standard practice. Many lenders prefer a ratio of 30% or less of income to principal, interest, insurance (property and mortgage) and taxes.

pay up to 30 percent or more of its income for housing, and whether a household is able to obtain a 10 percent down payment or a rental deposit. The chart below compares the increase in the median housing price² to the increase in fair market rent³ and finally the increase in median household income⁴.

**Percent Increase in Housing Price and Rental Rates versus Income in Montana
1998-2002**



Center for Applied Economic Research

Clearly, the median home price, and to a lesser degree, fair market rent, have increased much more than median household income, bringing attainability into question. The median home price has increased 26 percent from 1998 to 2002; the fair market rent has increased 8 percent, and median household income has increased just 3 percent.

The income required to purchase a home has been calculated using the median home price⁵, the average interest rate (6.03 percent), closing costs (3.07 percent of purchase price), property taxes (.0113 per \$1 of value), insurance costs (.0063 per \$1 of value for

² From Montana Board of Housing annual "Price of Housing in Montana" report.

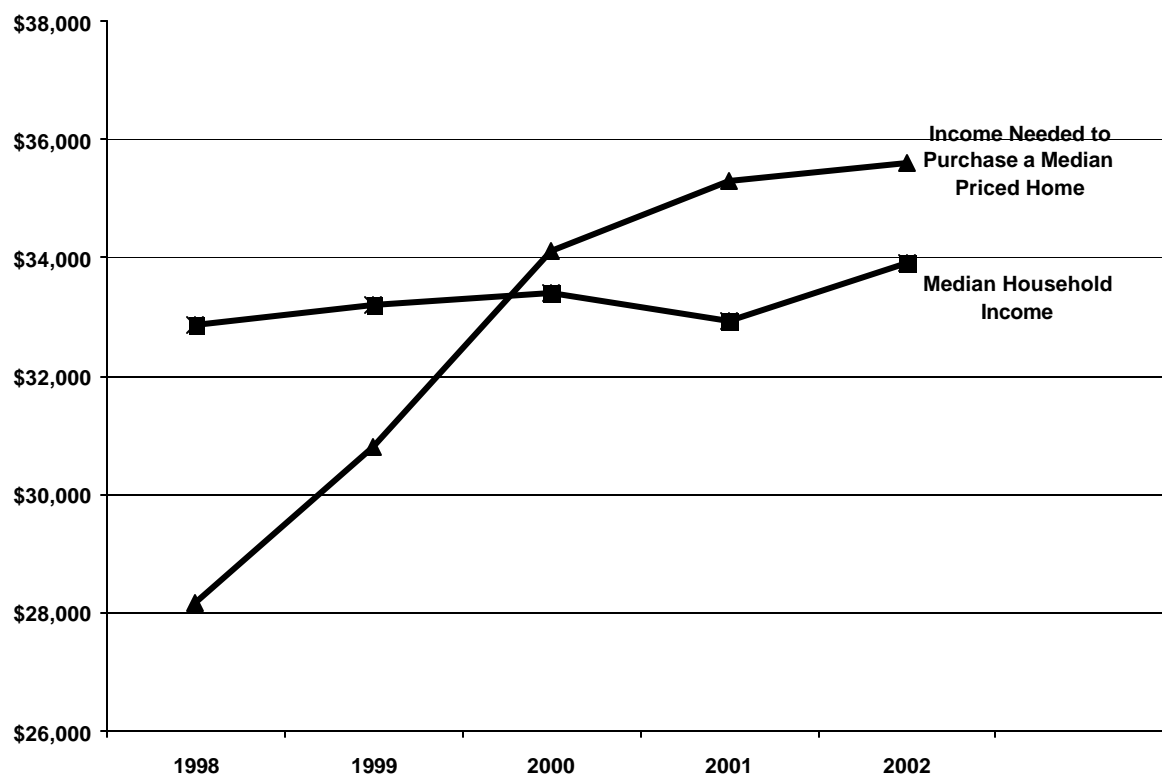
³ HUD annual estimate; represents the amount where 60% of rents are above and 40% of rents are below for standard quality rental housing; includes utilities.

⁴ Three year average median income from the U.S. Census Bureau.

⁵ See footnote 2.

homeowners insurance and .0065 per \$1 of value for PMI)⁶. Utility costs are not included for this analysis. The income required assumes a 10 percent down payment and 30 percent ratio of income to principal, interest, insurance, and taxes. The down payment percentage and interest rate can change this calculation significantly. While interest rates have been historically low in the recent past, this has not always been the case. The lower interest rates have made homes more attainable for Montanans. Many loans allow a borrower to put down significantly less than 10 percent; however, 10 percent is used for this calculation. Median household income is compared to the income required to purchase a home in the chart below.

**Median Home Price versus Median Household Income
1998 - 2002**



Center for Applied Economic Research

While the income required to purchase a home was almost \$5,000 less than the median household income in 1998, required income has risen at a much faster rate than median household income, and has surpassed median household income since 2000. Thankfully, these two numbers have come closer together during the last year.

⁶ Per survey of bankers and insurance agents conducted in July 2003 by the Center for Applied Economic Research.

Clearly, an opportunity exists to promote housing incentives to both median income and low-income households throughout the state of Montana. However, one must keep in mind that with a population density that varies from a high of 48.18 persons per square mile in Silver Bow County to 0.27 per square mile in Garfield County, Montana has vast differences in housing needs across the state. (See “Population Density 2000” map on page 19.)

Using data from NPA Data Services, Inc., the *Economic and Demographic Databook* looks at six areas of interest for each county in Montana, including: historic and forecast population; historic and forecast earned and unearned income; historic and forecast earnings by industry; total population by age cohorts, male population by age cohorts; and female population by age cohorts. This year, for the first time, the *Databook* is available on the Consolidated Plan web page.

In addition to the *Economic and Demographic Analysis of Montana* and the *Economic and Demographic Databook*, the *Montana Housing Resource Directory* was updated in November 2003. The Directory includes descriptions of a variety of federal, state, and local housing program available in Montana. The Directory and the associated Reference Guide are meant to provide an overview of the available programs and contact information.

The following documents and studies have been prepared or updated in recent years in support of the Montana Consolidated Plan and are used in the planning process:

1. *2002 Price of Housing Study in Montana* (2003)*
2. *Survey of Water, Wastewater, and Solid Waste Facility Rates in Montana* (2003)**
3. *Location of Growth in Montana* (2002)**
4. *Economic Benefits of MDOC Housing Programs* (2002)*
5. *County Bridge and Road Capital Improvement Planning and Financing Manual* (2001)**
6. *The Analysis of Impediments to Fair Housing Choice* (2000)*
7. *Home Mortgage Disclosure Act Analysis (HMDA)* (2000)*
8. *Additional HMDA Analysis of Montana Denial Rates: 1993 – 1998* (2000)*
9. *Housing Condition Study* (1999)*
10. *Planning & Financing Community Water & Sewer Systems in Montana* (1997)**
11. *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana* (1996)**
12. *Inventory of Infrastructure Needs* (1995)**
13. *A Handbook: Capital Facilities Scheduling & Financing* (1995)**

The MDOC Community Development Division is scheduled to complete a new publication, *Capital Improvements Planning Manual*, in the spring of 2004. In addition, the publication, *Homeless in Montana: A Report*, is being sponsored by the MDPHHS Intergovernmental Human Services Bureau and will be available later this year.

- * Contact the Montana Department of Commerce, Housing Division, at (406) 841-2820 for information on these and other publications, or access the Consolidated Plan documents through the new Housing Division website at:

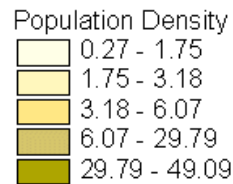
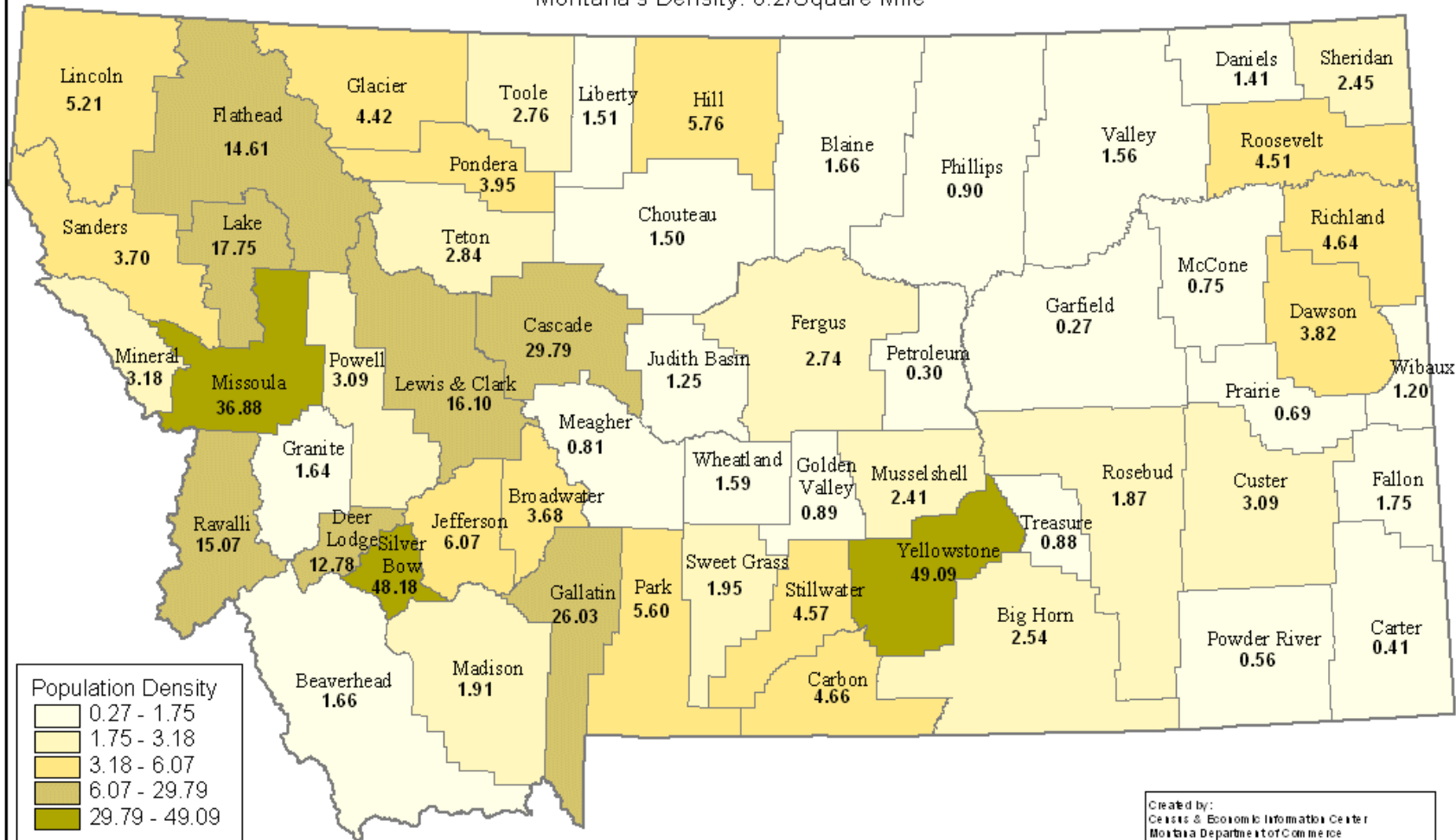
<http://housing.state.mt.us/>

- ** Contact the Montana Department of Commerce, Community Development Division, at (406) 841-2791 for information on these and other publications.

Montana County Population

Population Density 2000

Montana's Density: 6.2/Square Mile



Source: U.S. Bureau of the Census,
Public Law 94-171 data, March 2001.

March 21, 2001

25 0 25 50 Miles

Created by:
Census & Economic Information Center
Montana Department of Commerce
1424 Ninth Ave., Helena, MT 59620-0505

406 444-2896 celc@state.mt.us
<http://ceic.commerce.state.mt.us>

census_2000.apr

RESOURCES

FEDERAL RESOURCES EXPECTED

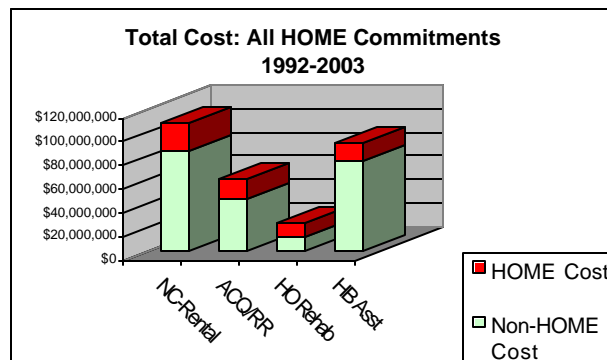
Community Development Block Grant (CDBG) Program

The Community Development Division and the Business Resources Division of the Montana Department of Commerce administer the CDBG Program. For Plan Year beginning April 1, 2004, the State estimates receiving \$8,013,727 in federal CDBG funds for award to local governments. Of these dollars, an estimated \$2,557,772 will be allocated for economic development projects, administered by the Business Resources Division. Approximately \$5,115,543 will be allocated to public facility and housing projects.

HOME Investment Partnerships (HOME) Program

The HOME Program, administered by the Housing Division, expects funds of \$4,803,173 for the Plan Year beginning April 1, 2004. Funds will be used to develop affordable housing for persons of low- and very low-income.

In addition, on December 16, 2003, Senate Bill 811, the American Dream Downpayment Initiative (ADDI) was signed into law. The Bill provides for \$200 million each year from 2003 until 2007 to be allocated to HOME participating jurisdictions based on the percent of low-income renters in the jurisdiction relative to the percent of low-income renters in the United States. The MDOC expects to receive \$534,064; \$244,980 for FFY 2003 and \$289,084 for FFY 2004.



At this point, the MDOC has limited information about what regulations there will be regarding how the funds will be distributed to grantees around the State. Provisions of the ADDI include:

- Total assistance to a family cannot exceed \$10,000 or 6 percent of the purchase price, whichever is higher.
- No more than 20 percent of the funds can go toward home repairs with the remainder reserved for down payment assistance.
- The jurisdiction must have a plan to conduct outreach to residents living in public housing, trailer parks, and manufactured housing.

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (MDPHHS) anticipates that \$388,841 will be made available through the ESG Program.

Housing Opportunities for Persons With AIDS (HOPWA)

The Intergovernmental Human Services Bureau of the MDPHHS anticipates that approximately \$622,000 over the three-year period beginning March 2002 will be available in Montana for HOPWA services. The funding is Montana's share of a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced in December 2001 by HUD. The funds are part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding.

Low Income Housing Tax Credit (LIHTC) Program

The Montana Board of Housing administers the Low Income Housing Tax Credit Program⁷. The Board receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated at \$2,030,000.

⁷ The Consolidated Plan does not cover Montana Board of Housing programs; these programs are included for informational purposes.

METHOD OF DISTRIBUTION

CDBG

Estimates for FFY 2004		
	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive Formula Retained for State Project Non-Competitive State Admin of Program		\$ 7,673,315
		\$ 340,412

HOME

Estimates for FFY 2004		
	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive Formula Retained for State Project Non-Competitive State Admin of Program		\$ 4,856,920*
		\$ 480,317

* Includes \$534,064 for ADDI03 (\$244,980) and ADDI04 (\$289,084).

ESG

Estimates for FFY 2004		
	<u>Minimum Amount</u>	<u>Maximum Amount</u>
Competitive Formula Retained for State Project Non-Competitive State Admin of Program		\$ 369,399
		\$ 19,442

OTHER RESOURCES AND PLANS

Numerous state and federal programs support the implementation of the State's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects.

The following summaries describe programs that either are in place or will be implemented in the near future. These plans support the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

Property Tax Exemption

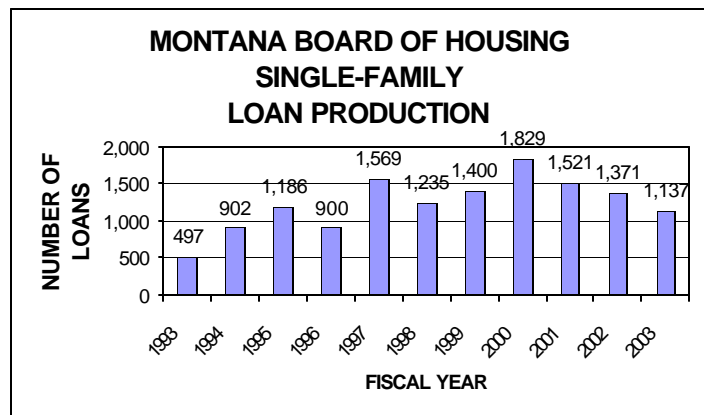
The 1999 Legislature enacted a bill exempting low-income rental housing property from taxation if low-income tax credits were allocated to the owner under federal law. Only the portion of the residential property dedicated to providing affordable housing for lower-income persons would be exempt. The property must meet additional restrictions by providing housing to an underserved population and providing a minimum of 50 percent of units to tenants at 50 percent of the median family income for the area.

Montana Board of Housing Programs

The Montana Board of Housing (MBOH)⁸ was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into three categories: home ownership, multi-family projects, and assistance to the elderly population. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides the permanent financing or equity financing.

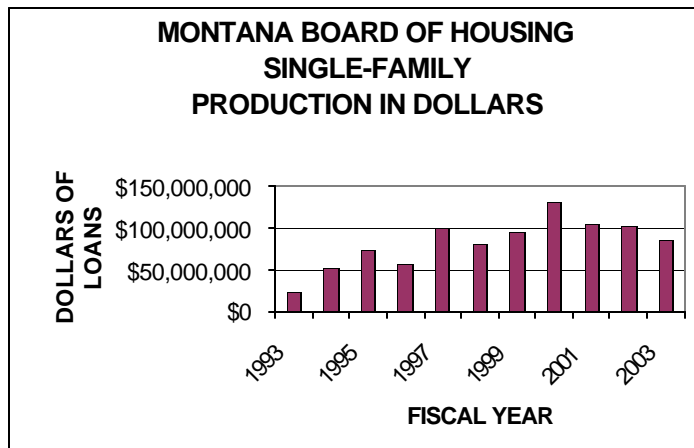
Single Family Programs

Single Family Mortgage Program: The MBOH works with about 250 lenders statewide to provide mortgages below conventional rates to assist primarily first-time homebuyers. MBOH anticipates assisting approximately 1,800 low-to moderate-income homebuyers with \$104 to \$130 million in low interest rate loans each year.



⁸ The Consolidated Plan does not cover Montana Board of Housing programs; these programs are included for informational purposes.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide, including loans made in Indian Country. During the first year, \$10 million in credit authority is anticipated to assist at least 600 eligible homebuyers.



Single Family Recycled Mortgage Program: Through the use of recycled funds, MBOH is able to assist much lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other Single Family Programs. The Board anticipates making \$20 million available for financing very low-income families per year. Since 1986, 3,299 families have achieved homeownership with \$155 million of recycled funds.

Disabled Accessible Affordable Home Ownership Program: The MBOH has a set aside of \$9.55 million to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. Through June 30, 2003, the MBOH financed 145 homes with nearly \$8.9 million in recycled mortgage funds. The average income of the households assisted is \$16,914 with an average loan amount of \$60,600.

Multi-Family Programs

MBOH issues tax exempt bonds to finance the construction of new, and rehabilitation of existing, low-income, multi-family housing. MBOH anticipates issuing bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing Program and its General Obligation Bond Program.

Risk Sharing Program: The Risk Sharing Program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default.

General Obligation (GO) Bond Program: The General Obligation (GO) Bond Program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60 percent of median income). Currently this program is financing the permanent loans for projects

receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Beginning in 1999, the Board issued Multi-Family Mortgage Bonds to preserve eight projects consisting of 434 units that were in jeopardy of being lost as affordable housing due to expiring HUD Preservation Program contracts. In conjunction with other housing programs, the Board will continue to provide assistance to preserve affordable housing with expiring HUD contracts.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM Program enables elderly Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of \$15,000 to \$100,000 are available at a 5 percent interest rate, based on 80 percent of the FHA determined property value. The loans do not require repayment as long as the homeowner remains in the home.

Low Income Housing Tax Credit (LIHTC) Program

The Low Income Housing Tax Credit Program, established by Congress in the Tax Reform Act of 1986, is intended to provide for the retention, rehabilitation, and construction of low-income rental housing. The LIHTC Program is administered by MBOH, which receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated at \$2 million. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the number of rental units provided to low-income individuals and families.

Affordable Housing Revolving Loan Fund

The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided. The 2001 Montana Legislature appropriated \$500,000 in Section 8 reserves and \$700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. A third source of funding is direct donations, which qualify for a tax credit. The MBOH administers the fund. The revolving loan fund can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- Acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or

- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund; however, the loans have a 50-year term.

Housing Assistance Bureau Programs

In addition to administering the HOME Program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual Contributions Contract to provide program administration and services on Section 8⁹ low-income housing programs on a statewide basis.

Project Based Section 8

The Montana Project Based Section 8 (PBS8) Contract Administration Program contracts with HUD for management and oversight activities for 106 contracts involving 4,337 fixed location affordable rental units in Montana. PBS8 conducts annual on-site management reviews for the entire contract portfolio, approves and processes payment vouchers to property owners and agents, renews expiring contracts, evaluates rent increase requests, ensures all health and safety problems are quickly corrected, and provides general management and advisory services to project owners and management agents on behalf of HUD.

Tenant Based Section 8

The Tenant Based Section 8 (TBS8) Program, using 35 local field agents in eleven locations throughout the State, provides field services, including issuing assistance, performing inspections, and examining annual income for participants and landlords assisted by the Bureau's programs. Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,653 units, and an annual budget of \$17 million. Moderate Rehabilitation (Mod Rehab) is the other TBS8 Program, with a budget of around \$3 million annually and serving over 400 families. In essence a project-based program, Mod Rehab owners receive subsidized rent for qualifying participants. TBS8 provides a list of prospective tenants and inspects the rental units annually to insure continued compliance with Housing Quality Standards. The Housing Choice Vouchers Program also includes Self-Sufficiency and Homeownership Programs.

⁹ This Consolidated Plan excludes the Section 8 programs; the programs are included for informational purposes.

Mountain Plains Equity Group (MPEG)

The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the Mountain Plains Equity Group, Inc. (MPEG). The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing.

MPEG is structured as a non-profit corporation to make investments in Low Income Housing Tax Credit projects and potentially historic tax credit projects. The LIHTC Program allows owners of low-income housing to receive an annual federal tax credit for up to 10 years depending on the amount of capital invested in a project and the level of the project's commitment to low-income tenancy.

The Montana House

The Montana House - Montana Made Homes Program is a partnership between the MBOH, the Anaconda Job Corp., and private non-profit housing providers around the state. The MBOH provides financing for vocational students to construct 960 square foot modular homes at the Anaconda Job Corp. Center. These homes will then be sold to qualifying homebuyers around Montana. The homebuyers will work with a private, non-profit housing provider in their area that will help them identify a location for the home and prepare the site for delivery of the home. The program is expected to begin July 2004 with the construction of approximately 4 homes annually.

Montana Department of Commerce, Business Resources Division

Community Resource Team Assessments

The CDBG programs contracted with the Montana Economic Developers Association (MEDA) to provide technical assistance to Montana communities by conducting community resource team assessments. Using a community based planning and assessment process, resource teams are made up of professionals in the areas of economic and community development, health, housing, workforce development, education, land use planning, grant writing, financing, telecommunications, emergency management services, and strategic planning.

At the request of a local government, a Resource Team will go to the community and conduct two days of questioning and information gathering that includes interviewing a large number of people representing various community groups and recording their responses. The Team compiles its results and categorizes responses, holds a community meeting to share the information that was gathered, and then provides the community with a written report within four to six weeks. The final, written report includes recommendations from each team member based on the needs of the

community. The report includes suggestions for accomplishing the goals of the community, possible sources of income and contacts, and implementation plans for community use.

The community is responsible for providing a community leader, logistical services (tour of the community, meals and lodging for the team, and a meeting room), and soliciting community participants. Community participants include political and religious leaders, members of the agricultural community, bankers, educators, major employers, Realtors, health care and social service providers, senior citizens, civic groups, students, and anyone with an interest in their community. The participants are asked about the major problems and challenges they see in their community, the major strengths and assets; and community projects they would like to see implemented in the next 2, 5, 10, or 20 years.

For more information on community Resource Team Assessments, go to:

<http://www.medamembers.org/resourceteams.php>

The Montana Finance Center

The Business Resources Division (BRD) maintains a database accessible on the Internet called *The Montana Finance Center*, which provides summary information for the most significant financing resources available from state, federal, and local institutions. The Montana Finance Information Center website is organized by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to business and local governments. Direct web links are provided wherever possible for direct connection to funding sources. The site has been constructed by the Business Resource Division to assist the businesses and communities of Montana in achieving economic prosperity, keeping in mind that the vision of prosperity to be achieved must be defined by the businesses and communities that are served. Access the *Montana Finance Center* online at:

<http://www.mtfinanceonline.com/>

Certified Regional Development Corporations

The 2003 Montana Legislature created the Certified Regional Development Corporations (CRDC) Program. The legislative intent of the CRDC Program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDC's are responsible for helping local officials, communities and businesses "assess, plan, and facilitate action" within their regions. CRDC's are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. CRDC's receive regional capacity building grants from the Department of Commerce on an annual basis.

Montana Department of Commerce, Treasure State Endowment Program

The Treasure State Endowment Program (TSEP)¹⁰ is a State funded grant and loan program designed to assist local governments with the construction and repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. The program provides funds for construction projects (grants and loans), preliminary engineering grants, and grants for emergency situations.

Eligible applicants for the TSEP Program include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. Construction grants typically require a dollar-for-dollar match, however, the match can include other grants. Applicants are limited to requesting a maximum of \$500,000 for construction grants.

TSEP applications for funding construction projects are accepted in the spring proceeding a legislative year. TSEP applications are reviewed and ranked by the MDOC based on seven statutory priorities. Communities that are recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the Department's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. Table 4 summarizes the type of projects that have been awarded construction grants.

New to the program starting in FY 2002 are grants to produce preliminary engineering studies. These non-competitive grants are especially useful to smaller communities that have problems to solve, but do not have the financial resources necessary to produce a preliminary engineering report that is required in order to apply for funds needed to complete a construction project. Grants for preliminary engineering are limited to \$15,000 and require a dollar-for-dollar match, but the match cannot include other state grants. The program awarded approximately \$425,000 in grants to 40 communities and counties for preliminary engineering studies in the first biennium. With \$425,000 available again in FY 2004-05, the program has awarded all of the new funds to 33 communities and counties.

Also new to the program in FY 2002 were grants to remedy emergency situations. Grants for emergency projects are limited to \$30,000 and the applicant is expected to expend its own financial resources first. In the first biennium, the program awarded a total of \$78,871 to five projects that needed emergency funding. The program has

¹⁰ The Consolidated Plan does not cover the Treasure State Endowment Program; the program is included for informational purposes.

\$100,000 available to award for emergency projects during FY 2004-05, and has provided \$17,500 to two projects to date.

Table 4 – TSEP PROJECTS APPROVED FOR FUNDING					
	Water	Wastewater / Storm Sewer	Combined Water / Wastewater	Solid Waste	Bridges
1993	10	5		2	2
1995	8	5			2
1997	10	11			1
1999	13	17			2
2001	11	17			3
2003	16	10	2	1	11
Total Approved	68	65	2	3	21
The total amount of <u>TSEP dollars</u> granted to complete the approved projects is over \$58 million.					
The <u>total cost</u> to construct all of the approved projects is over \$282 million.					

Montana Department of Commerce, Community Technical Assistance Program

Established in 1967, the Community Technical Assistance Program¹¹ (CTAP) was a state-funded function of the MDOC. CTAP provided technical assistance to local governments and development groups on community planning, land use regulation and development, and infrastructure financing issues and options. Services available from CTAP included individual local government planning and land use regulation, legal guidance, and general community development research assistance. CTAP produced educational books, model ordinances, and videos. In addition, CTAP sponsored training workshops on community planning and development and a statewide public television program on community planning issues, in cooperation with Montana State University.

In 2003, the 58th Montana Legislature, faced with the largest projected deficit ever, made the decision to eliminate the CTAP Program. Most of the direct technical assistance previously provided by CTAP will no longer be available from the MDOC. To the degree possible, the MDOC Community Development Division will continue limited support of local government planning programs through CDBG Planning Grants.

Montana Department of Natural Resources and Conservation, Renewable Resources Grant and Loan (RRGL) Program

The RRGL Program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the Montana Department of Natural Resources and Conservation¹² administers the program. Grant funding is limited to

¹¹ The Consolidated Plan does not cover the Community Technical Assistance Program; the program is included for informational purposes.

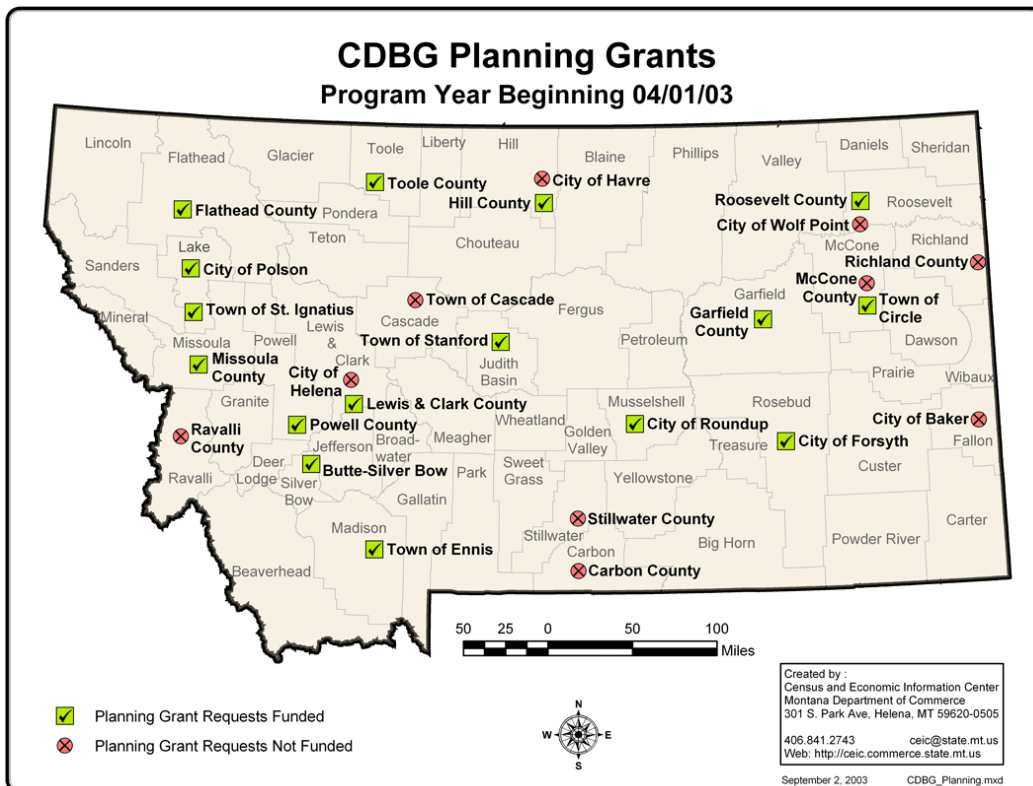
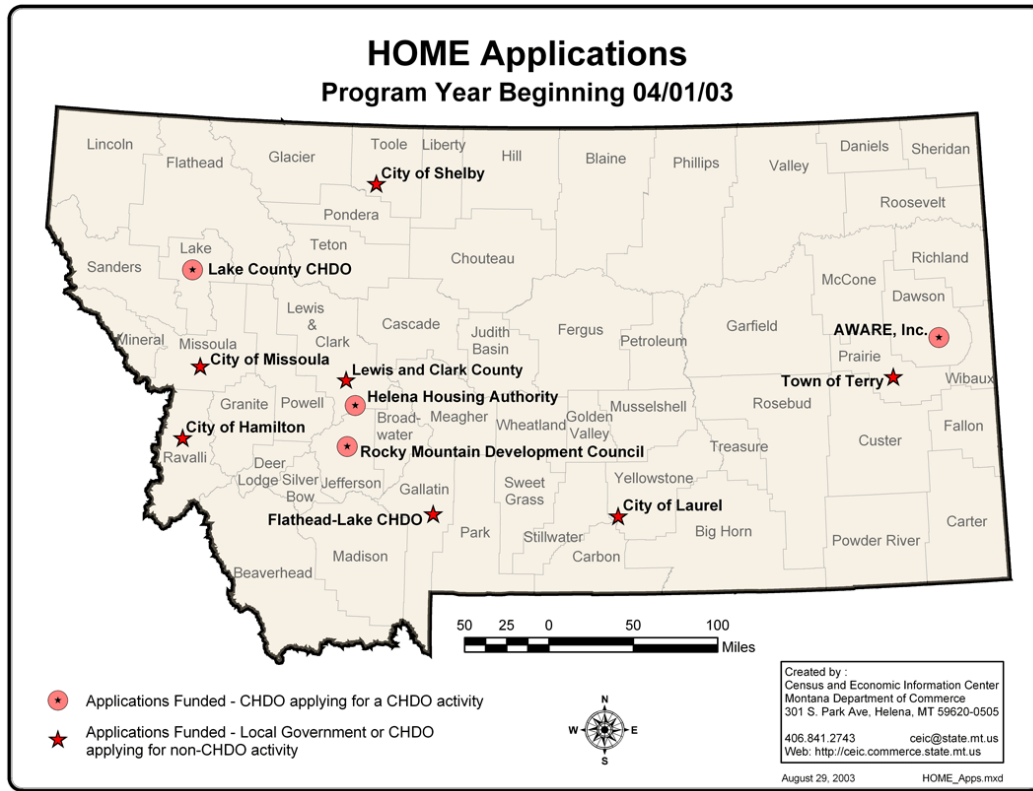
¹² The Consolidated Plan does not cover Montana Department of Natural Resources and Conservation programs; the programs are included for informational purposes.

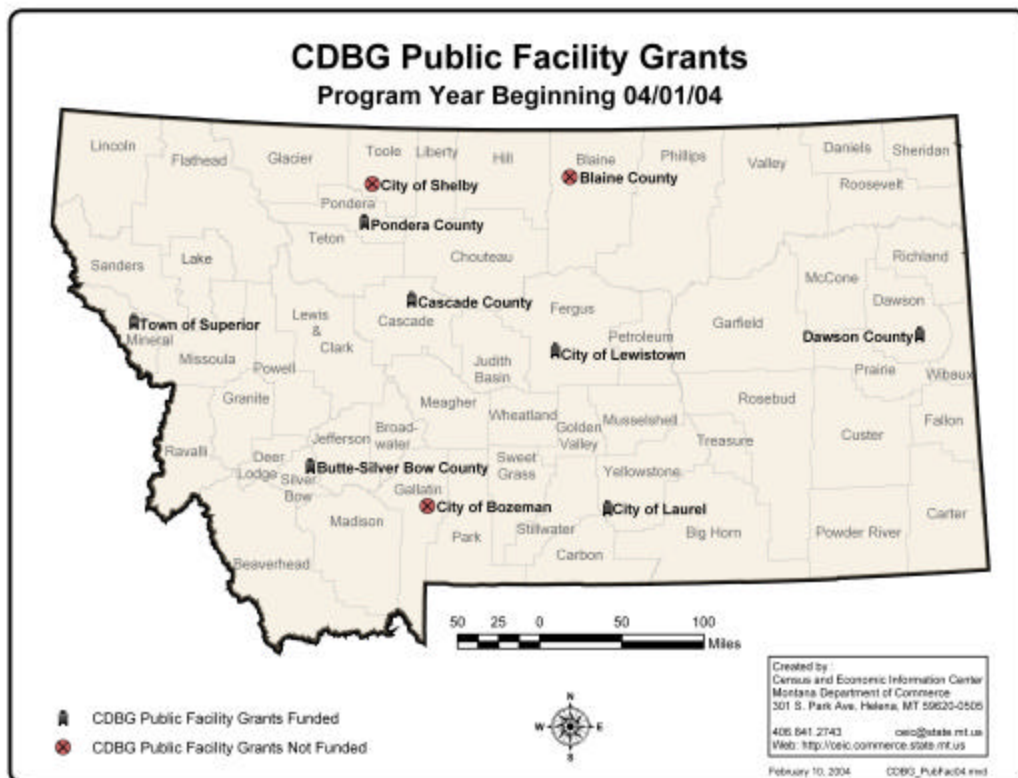
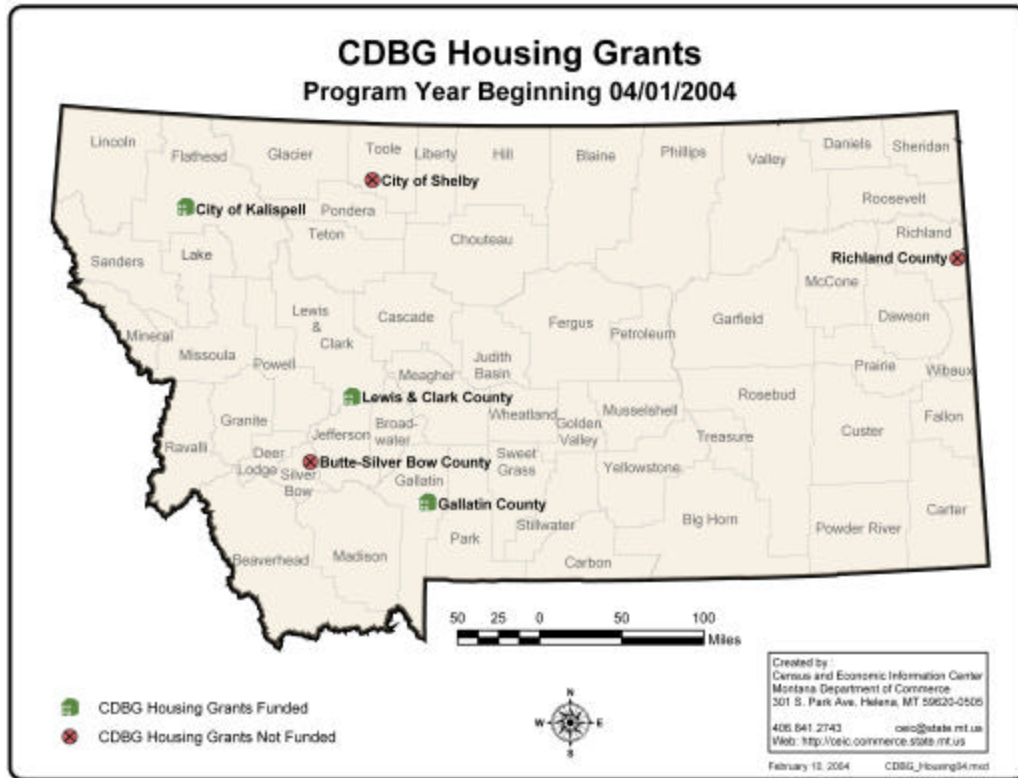
\$100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The Renewable Resource Grant and Loan Program has \$4.0 million available for grant funding each biennium. The next round of applications will be due in May 2004. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. Grants of up to \$10,000 are available, and must be matched on an equal basis by the project sponsor. Emergency grants of up to \$30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment.

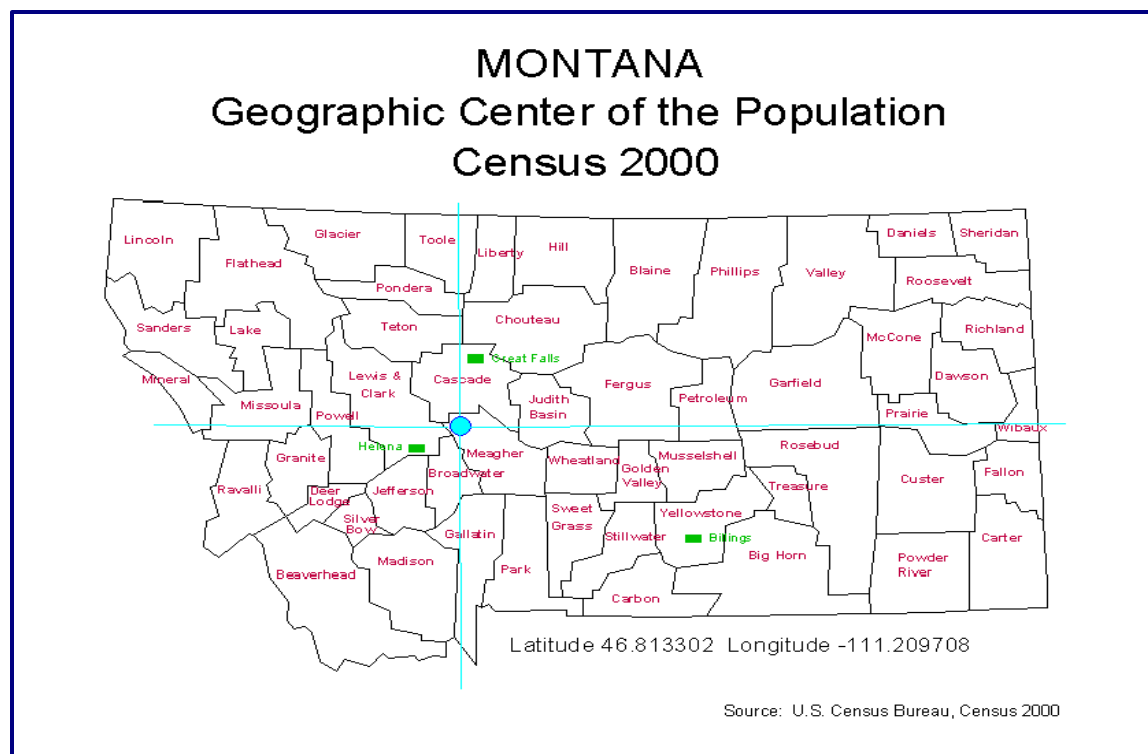
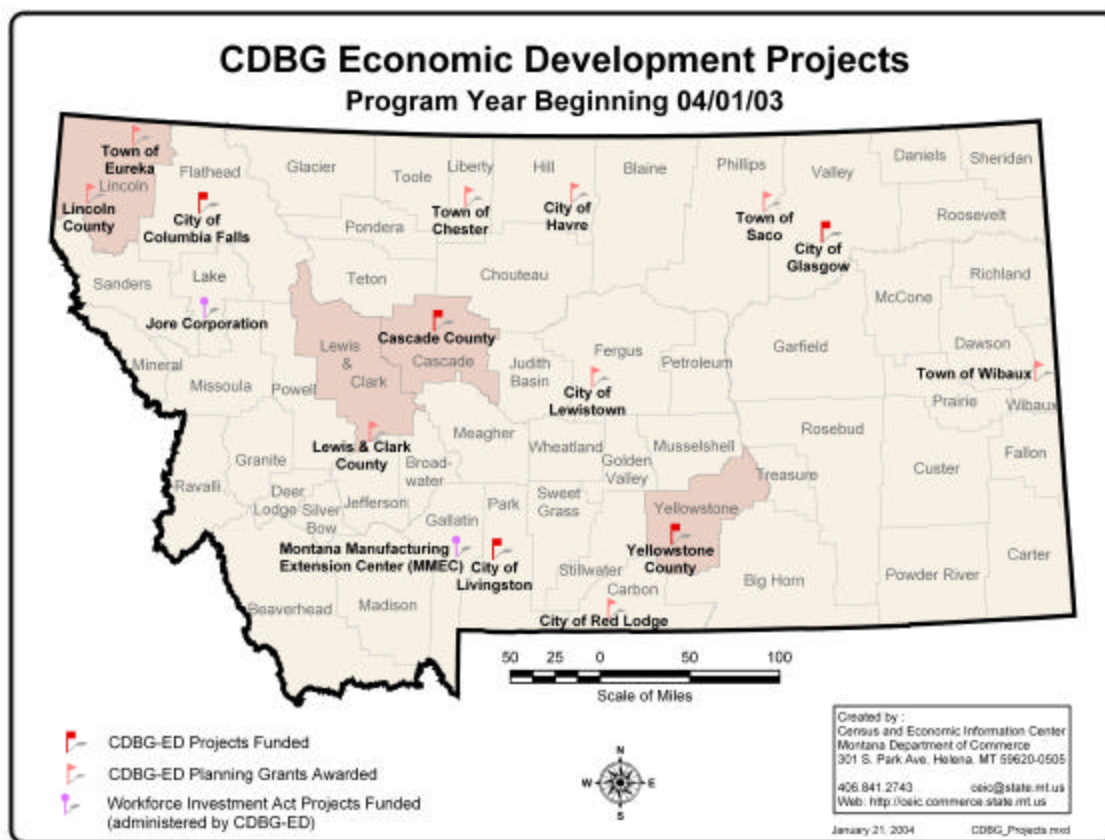
GEOGRAPHIC DISTRIBUTION OF FUNDS

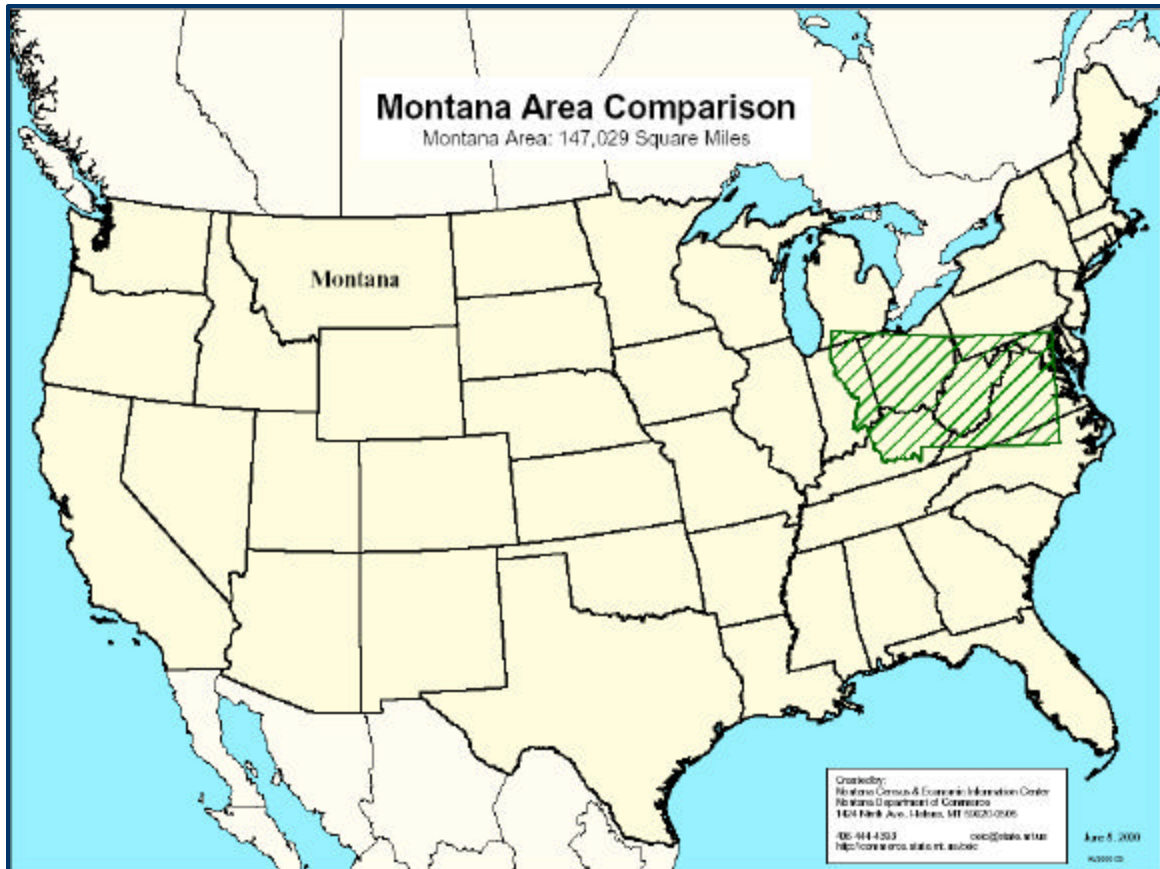
Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous grants awards substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the State, allowing all groups an equal chance to apply for funds and providing an incentive for grant recipients to complete projects on a timely basis. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, over time, tend to widely distribute grant assistance throughout the State. In order to view the geographic dispersion of last year's funding activities for CDBG and HOME, several geographic maps have been prepared.

MAPS









ACTIVITIES

METHOD OF FUNDS DISTRIBUTION

Community Development Block Grant (CDBG)

Fund distribution for the CDBG **Housing** category is based on an annual grant competition held in the fall. Eligible applicants are limited to general-purpose local governments: towns and cities under 50,000 in population and counties. The maximum grant request for a housing project is \$500,000. Existing grantees must significantly draw down their current funds before they are eligible to apply for additional program funds. Applications for the housing competition for 2004 were due October 17, 2003. For FFY 2005, application will be due November 19, 2004.

The **Public Facilities** category is also based on an annual competition. To expedite the expenditure of CDBG funds, the Montana CDBG Program moved up the normal deadline for FFY 2003 public facility applications from the spring to January 2003. For FFY 2004, the applications were due May 23, 2003. The FFY 2005 applications will be due May 28, 2004.

General-purpose local governments: towns and cities under 50,000 in population and counties are eligible applicants. The maximum grant request for a public facility project is \$500,000. Grantees must significantly draw down their existing funds before they are eligible to apply for additional program funds. Each local government may apply for one housing project and one public facility project each program year.

Additionally, the CDBG Program sets aside funds for **Planning Grants** related to housing and public facilities. The Planning Grants category is also based on an annual competition. The deadline date for the Plan Year will be April 23, 2004. Eligible applicants are the same as for the Housing and Public Facilities categories. The Planning Grants can be used for a variety of planning activities including the initial planning necessary to get a project under way; conducting other community planning activities such as preparing or updating a comprehensive plan or growth policy; or preparing a neighborhood redevelopment plan, a housing study, preliminary engineering or architectural report capital improvement plan or similar planning processes needed to help a community address critical needs. The maximum Planning Grant ceiling is \$20,000 for the Plan Year.

The State does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are still urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

The **Economic Development** component of the CDBG Program receives approximately \$2,557,772 million, which is one-third of the annual allocation to the State of Montana. Eligible applicants are local governments, which in turn loan funds to for-profit businesses agreeing to create jobs for low- and moderate-income persons. The Department accepts applications on a continuous basis. The maximum funding amount is \$400,000 per local government in a program year. The minimum funding amount is \$100,000. Communities can continue to apply for funding throughout the program year until they have reached the maximum amount of \$400,000 per local government. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. The application is reviewed by Department staff and a loan review committee that makes a recommendation to the Department Director, who then makes a final funding decision.

The Business Resources Division sets aside approximately \$225,000 in Economic Development CDBG funds for economic development planning, capacity building, and technical assistance grants. The Division intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2004. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular Economic Development CDBG Program.

In addition, the MDOC received a transfer of \$150,000 in October 2000, \$363,735 in October 2001, and \$800,000 in December 2002 from the Montana Department of Labor and Industry's Workforce Investment Act funds, under the Governor's Discretionary Fund, to expand employee-training grants. Nine businesses were awarded funding under these grants. No additional funds were transferred to the MDOC in 2003.

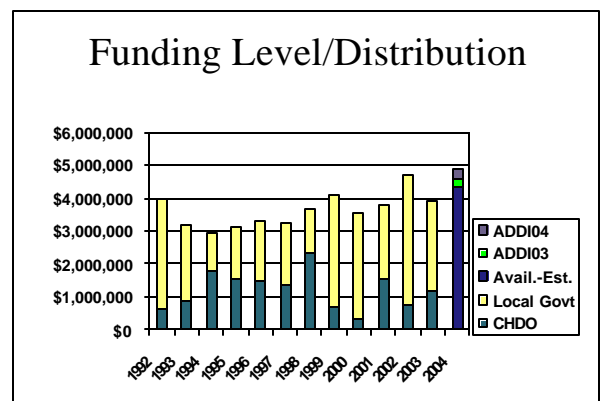
HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee, and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

The CDBG-ED Program also administers the EDA/CDBG Revolving Loan fund, a state-administered EDA revolving loan fund, matched with CDBG funds, and administered under CDBG guidelines. The program also provides assistance to Montana's emerging revolving loan fund industry.

The CDBG Economic Development Program is a major player in economic development financing in Montana. Economic development projects have leveraged private lender funds and federal funds, including U.S. Small Business Administration SBA 7a and 504 Programs, U.S. Department of Commerce Economic Development Administration (EDA) funds, and U.S. Department of Agriculture Rural Development program funds. Economic development projects have also leveraged funds available from state programs such as the Montana Board of Investments and the Montana Department of Agriculture's Growth through Agriculture Program. For matching funds, the CDBG-ED Program requires one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. For program years April 1998 through March 2003, more than \$12.7 million of CDBG-ED funds were awarded to 47 different local governments. The CDBG-ED funds leveraged approximately \$162 million of private, state, and federal funds.

HOME Investment Partnerships Program (HOME)

Program funds for HOME are distributed through a competitive process of grant applications with a deadline date of March 5, 2004. Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), Community Housing Development Organizations (CHDOs) certified by the MDOC, and Montana Public Housing Authorities (PHAs). The maximum request for a HOME project is \$500,000 (including soft costs) for homebuyer assistance, homeowner rehabilitation, rental rehabilitation, tenant based rental assistance (TBRA),



and new construction. CHDOs receive a minimum 15 percent set-aside of each fiscal year allocation to perform ownership, sponsorship, and development of housing activities. Existing grantees are eligible to reapply for an additional HOME grant if:

- The grantee is in compliance with the project implementation schedule contained in its HOME contract with the MDOC;
- There are no unresolved audit, monitoring, or performance findings for any previous HOME grant awards to the applicant;
- 55 percent of the project funds of any 2003 HOME grant have been drawn down by the application deadline date;
- 75 percent of the project funds of any 2002 HOME grant have been drawn down by the application deadline date; and
- All grantee projects over two years old (FFY 2001 grants) are completed and have a conditional closeout submitted prior to applying for additional funds.

The HOME Program Application will develop and publicize guidelines for the American Dream Downpayment Initiative and the Competitive Reallocation of Funds to Provide Permanent Housing for the Chronically Homeless, if awarded, as more information becomes available from HUD.

Emergency Shelter Grant Program

The 10 regional Human Resource Development Councils receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant. This allocation reflects areas of poverty and general population.

Housing Opportunities for Persons With AIDS (HOPWA) Program

The Intergovernmental Human Services Bureau of the MDPHHS, with the assistance of Montana State University-Bozeman, administers a three-state partnership (Montana, North and South Dakota) known as Tri-State HELP (Housing Environments for Living Positively). The mission of Tri-State HELP is to provide access to affordable housing and supportive services to people living with HIV/AIDS and their families in a dignified manner. The project received a \$1,309,501, three-year grant under HUD's HOPWA Program¹³ to provide tenant-based rental assistance, emergency assistance, and housing coordination services to an estimated 70 individuals living with AIDS/HIV and their families. Tri-State HELP represents the first multi-state HOPWA competitive application, and thus presents an innovative model for delivery of HIV/AIDS housing

¹³ The funding is Montana's share of a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced in December 2001 by HUD as part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding.

and related social services. In Montana, the services are provided through the Missoula AIDS Council (MAC) for Western Montana and the Billings-based Yellowstone AIDS Project (YAP) for eastern Montana.

The two regions in Montana will receive approximately \$622,000 over the three-year period. This includes Supportive Services, Sponsor Administration, and \$480,600 for Rental Assistance and Short Term Emergency Assistance. Montana began HIV reporting in 2001. According to the MDPHHS, a total of 551 HIV/AIDS cases (AIDS diagnoses and HIV infections without an AIDS diagnosis) had been diagnosed in Montana by December 31, 2001. Forty-four individuals have accessed the program and are currently in a stable housing situation, which enables them to access case worker and medical services consistently, ultimately improving their quality of life prior to TS HELP assistance. From June 2002 through November 2003, YAP and MAC spent a combined total of \$135,309 for long-term assistance and \$67,769 for short-term.

Program goals for Tri-State HELP include:

- Improving coordination among housing and service providers in each state, including better integration of service delivery.
- Identifying service gaps and financial needs of people living with HIV, and develop strategies to address them. Strategies should acknowledge geographic differences between cities and rural areas.
- Developing an evaluation that measures the effectiveness of stable housing for clients and how the Tri-State HELP Program improved the quality of their life.

MINORITY POPULATIONS

Montana has a significant Native American population comprising the second largest segment of the population, 6.2 percent. Combined, the Asian and Native Hawaiian/Other Pacific Islander populations total 0.6 percent. The Black/African American population in Montana is very small at 0.3 percent, with the greatest area of concentration in Cascade County.¹⁴

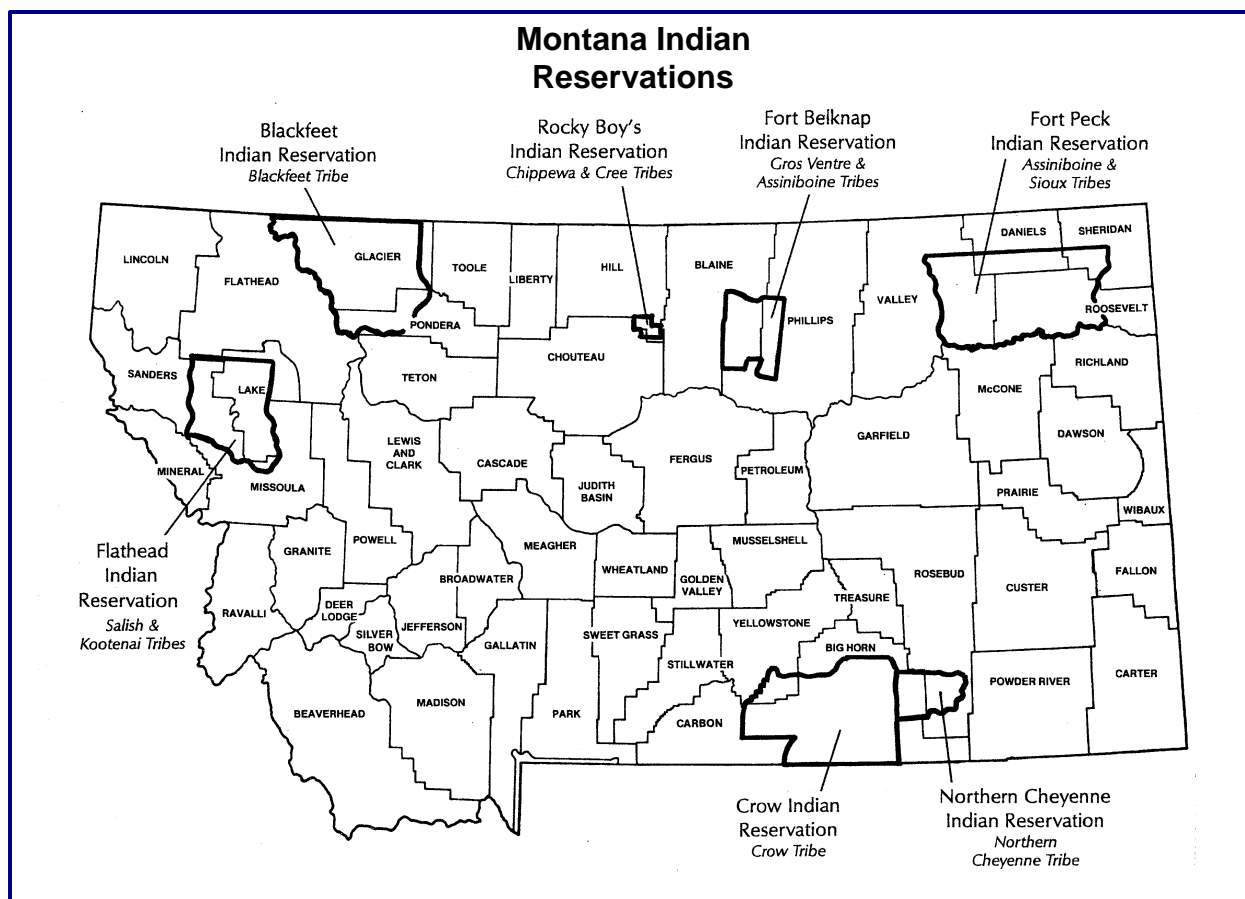
Table 5 – RACE / ETHNICITY	
Race / Ethnicity	Percent
White population	90.6%
Native American (American Indian/Alaska Native)	6.2%
Two or more races	1.7%
Some other race	0.6%
Asian	0.5%
Black/African American	0.3%
Native Hawaiian/Other Pacific Islander	0.1%
Hispanic or Latino population	2.0%
Data for Race / Ethnicity is from Census 2000 unless other wise noted Source: Census and Economic Information Center, Montana Department of Commerce	

Native American Population

The majority of Native Americans reside on Montana's seven Indian Reservations located throughout the State (see map on the following page). Glacier, Big Horn, Roosevelt, and Blaine counties have the largest percentage of Native American

¹⁴ U.S. Census Bureau, Washington, DC 20233, Released March 21, 2001. Compiled by: Census and Economic Information Center, Montana Department of Commerce.

residents: Glacier - 62 percent; Big Horn - 60 percent; Roosevelt - 51 percent; and Blaine - 45 percent. Other counties with relatively large percentages of Native American residents are Rosebud, Lake, Hill, Chouteau, and Pondera.¹⁵



In 2002, the HUD Regional Director of CPD asked what the State of Montana was doing to help its Native American minority population. Applications for the CDBG and HOME Programs are received from all areas of the State, including areas of concentrated minority populations such as towns located within reservation boundaries and county-sponsored water and sewer districts and counties, which include designated reservation land. Additionally, the HOME Program accepts applications from CHDOs around the State. Approximately one-quarter of the 31 certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas. The Ktunaxa Community Development Corporation (Flathead Reservation) and the Wolf Point Development Corporation (Fort Peck Reservation) are endorsed by tribal council and have amended original by-laws to meet the requirements to become State of Montana certified CHDOs. The HOME Program works extensively with all CHDOs and local governments to meet the housing needs of all residents within an applicant's jurisdiction. All applications received are ranked

¹⁵ U.S. Census Bureau, Washington DC 20233, Released March 21, 2001. Compiled by: Census and Economic information Center, Montana Department of Commerce.

according to program ranking criteria, and funds are distributed for projects that meet the greatest need in Montana.

The 2003 Montana Legislature passed House Bill 608, an act relating to the government-to-government relationship between the Montana Indian Tribes and the State Of Montana. HB 608 provides for tribal consultation in the development of state agency policies that directly affect Indian tribes, authorizes certain state employees to receive annual training, provides for annual meetings between state and tribal officials, and requires that an annual report of the actions be produced by state agencies.

When formulating or implementing policies or administrative rules that have direct tribal implications, state agencies are directed to consider the following principles:

- | | |
|---|---|
| <input checked="" type="checkbox"/> a commitment to cooperation and collaboration | <input checked="" type="checkbox"/> a process of accountability for addressing issues |
| <input checked="" type="checkbox"/> mutual understanding and respect | <input checked="" type="checkbox"/> preservation of the tribal-state relationship |
| <input checked="" type="checkbox"/> regular and early communication | |

At least once a year, state agency managers and key employees who have regular communication with tribes will receive training on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes. This training is to be provided by the Department of Justice and a trainer selected by the tribal governments. In addition, each year the governor, along with of state agency representatives and tribal officials, may review the policies that directly impact tribal governments and tribal populations, and recommend changes and/or formulate solutions to the policies.

State agencies are directed to submit a report by December 15 of each year to the governor and to each tribal government on the activities of the state agency relating to tribal government and tribal populations. The report must include:

- ☐ Any policy that the state agency adopted that directly impact the tribes;
- ☐ The name of the individual within the state agency who is responsible for implementing the policy;
- ☐ The process that the state agency has established to identify the programs of the state agency that affect tribes;
- ☐ The efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes;
- ☐ The efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes; and
- ☐ A joint description by tribal program staff and state staff of the required training.

Efforts to Further Native American Housing Opportunities

Section 184 Indian Housing Program: The Indian Home Loan Guarantee Program is a relatively new and innovative housing program to enable Native American families and Indian Housing Authorities (IHAs) to gain access to sources of private financing. A Native American who will occupy the property as his/her principal home and has met certain credit and underwriting standards is an eligible borrower. An IHA is an eligible applicant as well. IHAs may borrow funds for the development of single-family homes that may be subsequently sold to eligible borrowers. To apply, they can visit any approved lender (financial institution) and apply for a mortgage loan.

The Montana Board of Housing set aside \$1,000,000 in recycled mortgage funds to provide the permanent financing for qualifying lower income individuals for single family homes located on trust land on an Indian Reservation that are guaranteed by HUD through Section 184 for Native Americans. The Board worked with local banks, Tribal representatives, Bond Counsel, State and Regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable the Board to participate in this program.

Before the 184 Loan Guarantee Program could be utilized in Montana, each Tribe needed to adopt foreclosure and eviction procedures. All of Montana's tribes, except one, have adopted the procedures. In addition, there must be an agreement between the Tribe and the MBOH for a guarantee. To date, 12 loans have been closed statewide for a total of \$888,663.

Native American Housing Loan Guarantee Program: The MBOH set aside \$1,000,000 in mortgage prepayments to be recycled into permanent financing for 20 to 30 single-family homes for Salish & Kootenai tribal members on the Flathead Reservation. The Tribal Housing Authority is guaranteeing the loans. These funds will constitute 40 percent of each financing and will leverage 60 percent of Rural Development Funds. This is a pilot program to encourage tribal entities to partner in conventional home financing for their members. To date, one loan has closed and 12 more are in process.

Talks are continuing between the MBOH and two other tribes to participate in this program.

Additionally, the Montana Homeownership Network (MHN), an affiliate of Neighborhood Housing Services extended its down payment and closing cost assistance to the Rocky Boy's, Flathead, and Fort Peck Reservations. Services offered to potential homebuyers on the reservation and statewide include credit counseling, homebuyer training, and foreclosure prevention. MHN provides second mortgages statewide (not just to the reservations) for down payment and closing cost assistance with funding received from Neighborhood Reinvestment.

The MBOH Low Income Housing Tax Credit Program has funded six projects submitted by three tribes in Montana. The Salish and Kootenai have built three projects totaling 40

units. Twenty of those units are single-family homes positioned for eventual home ownership. The Salish and Kootenai are currently working on rehabilitation of 33 single-family rental homes that received a tax credit allocation in 2002. The Blackfeet are currently leasing up 20 single-family rental homes they have completed. The Fort Belknap Housing authority also received tax credits for a total of 22 single-family rental homes. In 2003, tax credits were allocated to the Chippewa Cree to rehabilitate 31 houses in Box Elder and to the Blackfeet to build 35 new houses in the Browning and Heart Butte areas.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent affordable housing.

Additionally, the Montana Partnership Office (MTPO) of Fannie Mae has been instrumental in promoting Native American homeownership opportunities in the State. The Native American Homeowners Task Force meets monthly and discusses every tribe and their respective activities. Fannie Mae personnel work on establishing a legal framework for the secondary market. Fannie Mae is a member of the statewide task force that has held "Pathways to HomeOwnership" seminars on the Crow, Northern Cheyenne, Fort Peck, Blackfeet and Flathead reservations, and homebuyer education and training sessions as a follow-up to the Pathways seminars.

Montana Resource Conservation and Development (RC&D) Areas and the Montana Homeownership Network are establishing construction curriculums at Blackfeet, Fort Belknap, and Rocky Boy. Fannie Mae has subsidized the expenses involved in getting high school and tribal college teachers certified to teach the trades to students. A video is being developed about this partnership.

Education has been a large focus. Through the Fannie Mae Foundation, which established the "Building Native Communities" Financial Literacy Curriculum, 30 teachers have been certified. Beginning with four, then a class of 12 and recently another class resulting in a total of 30 certified teachers in the State. The Native American Development Corporation and Montana Credit Unions recently received funding to implement a "First Accounts" program. Fannie Mae facilitates the organizations' efforts and coordinates with them to reach the goal of training and getting minorities and Native Americans to open bank accounts and ward off predatory lenders.

Native American Housing Symposiums: Tribal members from Montana and Wyoming have attended the Native American Housing Symposiums, conferences held in 2001, 2002, and 2003 dedicated to developing solutions for increased affordable housing on native lands. In 2003, the United Native American Housing Association (UNAHA) and the Montana and Wyoming Fannie Mae Partnership Offices brought together nearly 150 tribal members, housing specialists, lenders, developers, and nonprofit groups that specialize in tribal housing issues to discuss efforts to increase affordable housing on tribal lands. The conference featured workshops on predatory lending, working with the

Bureau of Indian Affairs, Low Income Housing Tax Credits, Earned Income Credits, veterans housing benefits, and Fannie Mae's Home Counselor Online. Presenters included the Montana American Homeowners Task Force, the Wyoming Indian Housing Coordinating Committee, First Interstate Bank, HUD, the Internal Revenue Service, the Montana Board of Housing, and representatives from local tribes.

Salish & Kootenai Tribe Investments: The MTPO works with the Salish & Kootenai Tribal Housing Authority to find opportunities for investment in their housing projects. Fannie Mae made an equity investment in Elmo Elder Living Center, an affordable senior rental housing development located on the Flathead Indian Reservation. Elmo Elder Living Center offers 10 one-bedroom units starting at \$150 per month, and was developed by the Salish & Kootenai Housing Authority utilizing public and private financing to maintain affordability. The MTPO also provided a \$5,000 grant to the Housing Authority to support the creation of a new Montana-Wyoming Lending Consortium.

Expanding Native American Lending: The MTPO facilitated homeownership opportunities for the state's Native American population. Building on relationships with tribal leaders, the MTPO assisted tribes with establishing the legal and regulatory framework necessary for lending on tribal and trust lands, as well as opportunities for Title VI and Low Income Housing Tax Credit Programs. The MTPO also supported key homebuyer education and financial literacy efforts of partners across the state, such as the Montana Homeownership Network's support of the RC&Ds. The Montana American Indian Homeownership Task Force, a partnership of Countrywide Home Loans, First Interstate Bank, HUD, USDA Rural Development, Montana Board of Housing, and Fannie Mae, worked with each tribe to address individual mortgage lending issues and to coordinate efforts in a uniform manner. The Task Force also implemented "Pathways to Homeownership," an effort to provide homebuyer education and pre-qualification on four reservations. Fannie Mae has purchased 15 single-family loans and invested in tax credit projects with the Blackfeet and Confederated Salish & Kootenai Tribes.

SPECIAL NEEDS POPULATIONS

The Homeless

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Real help is enabling the homeless to rely on themselves. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and will help the homeless in stages—to take them from an emergency shelter to permanent housing. The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual's or family's needs.

The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

The final stage is permanent housing or permanent supportive housing arrangements. While all three stages may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan.

Continuum of Care

The Montana Continuum of Care (CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The CoC mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited resources and to promote a unified system of outreach, referral, information sharing, planning, and service. The CoC participants share the benefit of leveraging each other's resources and efforts to provide increased and coordinated services to all homeless across the State.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants last year included representatives from local and state government, public housing authorities, regional human resource development councils, and other nonprofit organizations representing the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans organizations and mental health centers.

The CoC identifies, prioritizes, and supports projects and activities that enhance the integration and coordination of homeless services in Montana. Each community is encouraged to develop a local continuum in response to specific needs. Based on the local continuum, potential projects are identified and presented to the coalition. The group constructively critiques each project and provides comments and suggestions such as other possible funding sources and leveraging avenues. Projects are also critiqued based on the needs of the community and the integration of the project in relation to the overall statewide CoC. The coalition operates on consensus-based decision-making to identify projects most needy and worthy of support. The CoC then prepares a single, coordinated application in response to the Notice of Funding Availability for Shelter Plus Care and Supportive Housing.

Table 6 – CONTINUUM OF CARE: GAPS ANALYSIS CHART—2003				
		Current Inventory in 2003	Under Development in 2003	Unmet Need/Gap
Individuals				
Example	Emergency Shelter	100	40	26
Beds	Emergency Shelter	301	0	86
	Transitional Housing	168	0	217
	Permanent Supportive Housing	150	15	286
	Total			589
Persons in Families With Children				
Beds	Emergency Shelter	267	4	58
	Transitional Housing	160	0	291
	Permanent Supportive Housing	22	0	135
	Total			484

Table 6A – CONTINUUM OF CARE: HOMELESS POPULATION AND SUBPOPULATIONS CHART—2003				
Part 1: Homeless Population	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Example:	75 (A)	125 (A)	105 (N)	305
1. Homeless Individuals	295	233	869	1397
2. Homeless Families with Children	48	42	417	507
2a. Persons in Homeless Families with Children	133	118	1,166	1417
Total (lines 1 + 2a)	343	275	1,286	1,904
Part 2: Homeless Subpopulations	Sheltered		Unsheltered	Total
1. Chronically Homeless	91		161	252
2. Seriously Mentally Ill	106			
3. Chronic Substance Abuse	127			
4. Veterans	67			
5. Persons with HIV/AIDS	47 (46 HOPWA)			
6. Victims of Domestic Violence	129			
7. Youth	147			

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

- ☐ Continue to conduct an annual statewide survey and resources inventory to count and assess homeless needs;
- ☐ Establish and participate in an Interagency Council on Homelessness
- ☐ Inventory all state discharge policies and practices and promote evaluation of best practices and the adoption, when needed, of new policies,

- ☐ Implement a Homeless Management Information System,
- ☐ Collect, analyze, publish and distribute survey findings;
- ☐ Conduct a minimum of five meetings annually,
- ☐ Continue to explore options for initiating a statewide uniform intake and referral system;
- ☐ Contribute to the annual update of the State Consolidated Plan.

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant impact on the State. According to the 2000 Census, 13.4 percent of Montanans are over age 65, higher than the national average of 12.4 percent. At 9.4 percent of Montana's total population, the 55 to 64 age group is also higher than the national average, 8.6 percent. The 55 to 64 years and the 65 and over age categories also showed increases from 1990 to 2000 that were higher than the national average, with the 65 and older age group increasing by 13.6 percent and those aged 55 to 64 increasing by 24.6 percent. In comparison, the national increase in these age groups was only 12.0 percent and 14.8 percent, respectively.

Table 7 – AGE PROFILE								
Census 1990 vs. 2000								
United States					Montana			
AGE	1980	2000	% Change	% Total	1980	2000	% Change	% Total
Under 20 years	71,321,886	80,473,265	12.8%	28.6%	244,346	257,440	5.4%	28.5%
20 to 24 years	19,020,312	18,964,001	-0.3%	6.7%	47,769	58,379	22.2%	6.5%
25 to 34 years	43,175,932	39,891,724	-7.6%	14.2%	123,070	103,279	-16.1%	11.4%
35 to 54 years	62,801,989	82,826,479	31.9%	29.4%	209,062	277,029	32.5%	30.7%
55 to 64 years	21,147,923	24,274,684	14.8%	8.6%	68,321	85,119	24.6%	9.4%
65 & over	31,241,831	34,991,753	12.0%	12.4%	106,497	120,949	13.6%	13.4%

U.S. Census Bureau

The lack of affordable housing is a problem for many of Montana's senior citizens. Housing prices in Montana continue to rise, making it more difficult for individuals to afford their own homes. The gap between Montana's lower income citizens and access to affordable housing is widening. In addition, individuals 80 and older require more health services and/or assisted living facilities. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, and other types of senior living arrangements available to the person. Montana's low-income elderly population has the greatest need for, and the least capability for purchasing the assisted living services. As the elderly population grows, so will the need for such facilities in the State.¹⁶

¹⁶ *The Montana Assisted Living Study*, Demand for Assisted Living, October 1996.

Persons with Disabilities

The 2000 U.S. Census enumerated 145,732 people over the age of five living in Montana with a disability (17.5 percent of the population). Many people with disabilities had more than one disability resulting in a total number of disabilities tallied of 258,723. The U.S. Census considers people five (5) years old and over to have a disability if they have one or more of the following:

Table 8 – SPECIAL NEEDS/ NON-HOMELESS SUMMARY TABLE STATE OF MONTANA – FIVE YEAR PLAN 2001 - 2005 ¹⁷	
SUB-POPULATIONS	Priority Need Level High, Medium, Low, No such need
ELDERLY AND FRAIL ELDERLY	M
VETERANS	M
PERSONS WITH DISABILITIES	
SEVERE MENTAL ILLNESS	M
DEVELOPMENTALLY DISABLED	M
PHYSICALLY DISABLED	M
PERSONS WITH ALCOHOL/OTHER DRUG ADDICTION	M
PERSONS WITH HIV/AIDS	M
PERSONS WITH TUBERCULOSIS	M
TOTAL	M

- Blindness, deafness, or a severe vision, or hearing impairment;
- A substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying;
- Difficulty learning, remembering, or concentrating; or
- Difficulty dressing, bathing, or getting around inside the home.

In addition to the above criteria, people 16 years old and over are considered to have a disability if they have difficulty going outside the home alone to shop or visit a doctor's office. People 16 to 64 years old are considered to have a disability if they have difficulty working at a job or business. Disability becomes more common as people age; the 2000 U.S. Census identified 40 percent of Montana's senior citizens as living with a recognizable disability. With the general demographic aging trend due to the baby boom generation, people with disabilities will constitute a greater percentage of the total population in years to come. Many Montana families experience disability; either directly or through providing aid and assistance to a family member with a disability.

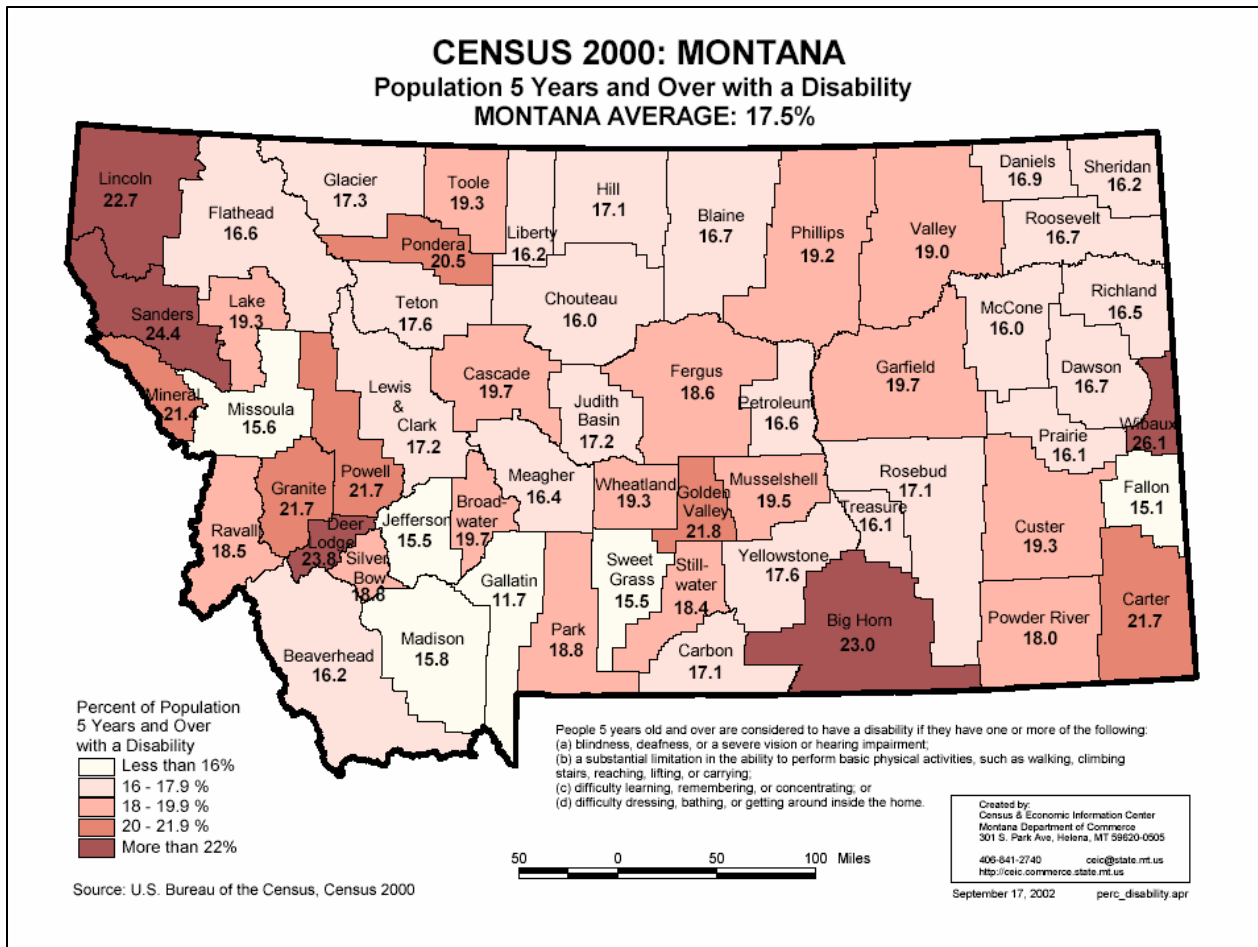
The *Economic and Demographic Analysis of Montana* reports that 19.7 percent of people with disabilities live in poverty, in comparison to Montana's overall poverty rate of 14.1 percent. Adults with disabilities are significantly less likely to be employed and possess a lower level of educational attainment than the population as a whole. This contributes to a greater general level of economic disadvantage among the disabled in Montana.

For more information on the economic and demographic characteristics of Montana residents with disabilities, see the Appendix to Volume II of the *Economic and Demographic Analysis of Montana*, available from the Montana Department of

¹⁷ The State has determined a "medium" need at the statewide level. It is up to each locality to determine its own area(s) of highest need.

Commerce, Housing Division, 301 South Park Avenue, Helena, MT 59601, (406) 841-2820, TDD (406) 841-2702; or access the Consolidated Plan document through the new Housing Division website at:

<http://housing.state.mt.us/>



Persons with disabilities require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

The vast majority Montanans living in the community who are severely disabled rely upon Social Security Income (SSI) or Social Security Disability Income (SSDI) and other public entitlement programs to pay for their living expenses. Effective January 2004, SSI income in Montana is \$564 per month, or \$6,768 annually, for an eligible individual and \$846 a month, \$10,152 annually, for an eligible couple (*Social Security Administration*).

According to the national study *Priced Out in 2002* (Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, May 2003), In 2002, SSI of \$545 per month, or \$6,540 per year, represented only 22 percent of the one-person average median income for the state of Montana. People with disabilities receiving SSI benefits are among the lowest income households in Montana. On average, the *Priced Out in 2002* study documents that people with disabilities living on SSI income (in 2002) would pay 73 percent of their income for the Montana average HUD Fair Market Rent levels for a one-bedroom unit. (See Table 9.) When the percentage of income spent on housing costs exceeds 50 percent, the household is considered to be “severely” rent burdened and have “worst” case needs for housing assistance. On a national level, it is estimated that 25 percent of the households in the United States with “worst case” housing needs are people with disabilities.

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

Table 9 – HOUSING AFFORDABILITY IN MONTANA						
State Statistical Area	SSI Monthly Pmt ^A	% SSI for 1-Bdrm	% SSI for Efficiency Apt. ^B	SSI as % Median Income	SSI as an Hourly Rate ^C	Housing Wage
Montana						
Billings	\$545.00	76.1%	65.5%	19.2%	\$3.14	\$7.98
Great Falls	\$545.00	75.8%	65.5%	22.3%	\$3.14	\$7.94
Missoula	\$545.00	76.9%	65.5%	20.7%	\$3.14	\$8.06
Non-Metropolitan Areas	\$545.00	71.5%	62.2%	23.6%	\$3.14	\$7.50
State Average	\$545.00	73.3%	63.4%	22.4%	\$3.14	\$7.69
^A Federal SSI benefit for people with disabilities living independently in the community						
^B Percent of monthly SSI benefit needed to rent a modest studio apartment at HUD's Fair Market Rent						
^C SSI benefit expressed as an hourly wage for a full-time job						
Source: <i>Priced Out in 2002</i> , Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, May 2003						

People with serious disabling mental illness are served through mainstream subsidized housing programs throughout Montana, but are most strongly impacted by the general shortage of affordable housing in many communities in Montana. Efforts by people with mental illness to find decent, stable, affordable, and safe housing are hampered by their very low fixed incomes, diminished daily living skills, stigma related to mental illness, difficulty presenting well to prospective landlords, lack of specialized housing services, and the general shortage of affordable housing. As a group, people with mental illness exhibit among the highest need for affordable housing in the state of Montana. People with mental illness have difficulty maintaining their housing without specialized supportive mental health services. Mental illness remains one of the leading contributors to homelessness in Montana.

The Montana Homeless Continuum of Care 2003 Statewide One-day Snapshot Survey conducted in April of 2003. The survey, an attempt to reach as many homeless individuals and families as possible, is a point-in-time survey taken in seven urban centers in Montana. It is impossible to conduct an exhaustive count, but the attempt is

made to provide a reasonable indication of the extent of the problem and to profile who the homeless are in Montana.

The survey identified 1,380 homeless individuals and 516 homeless families, with 1,417 family members, identifying a total homeless population of 2,797. A total of 707 individuals and family spokesman self-identified that they needed mental health care or medication, and 13.2 percent of individuals and 9.3 percent of heads of families reported that a physical disability contributed to their homelessness. Nearly half of the individuals (48.5 percent) and families (47.2 percent) stated that they needed

medical care. According to the National Coalition for the Homeless, approximately 20-25 percent of the single adult homeless population suffers from some form of severe, persistent mental illness. This is relatively consistent with the Montana survey results. (Note: The survey does not address disability related to chronic health conditions, developmental disabilities, or other disabilities related to cognitive functioning.)

Many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are limited in number and are offered in only a few communities in the State. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group home to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness. Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent home ownership. In order to assure an opportunity for these individuals to actually achieve a "home", regardless of the nature of physical structure, it is also essential that mental health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

Table 10 – 2003 SURVEY OF THE HOMELESS		
	Individuals	Families
Issues Contributing to Homelessness:		
Mental health	27.2%	16.7%
Drugs/alcohol	33.7%	18.0%
Physical disability	13.2%	9.3%
Co-occurring substance abuse & mental illness	12.7%	5.6%
HIV/AIDS	0.4%	0.2%
Self-Identified Needs:		
Drug/alcohol treatment	27.4%	20.7%
Mental health treatment and/or medication	38.9%	31.8%
Note: Respondents can select one or more answers that apply to their situation.		

U.S. Supreme Court Olmstead Decision

The 1999, the U.S. Supreme Court Olmstead Decision established that States must work to provide people with disabilities who currently reside in institutions or other intensive levels of care, like nursing homes, with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration's *New Freedom Initiative* calls for swift implementation of the *Olmstead* decision and calls on federal agencies, including HUD-funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life and to work cooperatively to assist the states in creating appropriate *Olmstead* solutions across the country. In Montana, the major institutions serving people with severe disabilities include the Montana State Hospital at Warm Springs, and the State Nursing Care Center at Lewistown, which serve people with mental illness, and the Developmental Center at Boulder serving people with developmental disabilities. *Olmstead* also covers people with disabilities who are inappropriately served levels of restrictive care that are higher than necessary.

In 2003, the Montana State Legislature authorized the closure of the Eastmont Center for Developmental Disabilities in Glendive, Montana. The MDPHHS Developmental Disability Program was authorized to fund community group homes in Glendive to provide an appropriate community living opportunity for many of the former residents of Eastmont. In addition, the MDPHHS Addictive and Mental Disorders Division is downsizing the Lewistown Nursing Care Center for persons with serious disabling mental illness and funding a new level of intensive community living options for current Nursing Care residents. To support this effort, the Montana Home Choice Coalition is developing two supportive housing duplexes in Glendive and Butte, which are partially funded through the MDOC HOME Program. In addition, A.W.A.R.E. Inc. renovated a residence in Great Falls to support this *Olmstead*-motivated effort.

Bush Administration *New Freedom Initiative* and Homeownership for People with Disabilities

President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in the general rate of homeownership of 71 percent and the rate of households headed by people with disabilities, which stands at 10 percent. The Montana Home Choice Coalition believes these national figures are generally applicable to the homeownership gap present in Montana, and is committed to closing this gap for people with disabilities and their families.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through a combination of funding programs and new initiatives. Individuals with disabilities may need access to more financial assistance than the average first-time homebuyer due to limitations on work and related earning power due to their disability. Working in support of homeownership for persons with disabilities, the Montana Home Choice Coalition's homeownership initiative involves four major general strategies:

- Provide community outreach and education to the disability community
- Provide individual homeownership counseling and referral services
- Provide access to the Fannie Mae HomeChoice Mortgage for Persons and Families with Disabilities. This mortgage product has flexible features specifically designed to meet the needs of homeowners with disabilities. It provides a flexible mortgage option for potential homeowners with disabilities and adds existing mortgage options available through Montana Board of Housing, HUD, and Rural Development. It is expected that through the efforts of Fannie Mae and the Coalition, this mortgage product will be available to all parts of Montana in 2004.
- Educate and advocate with affordable homeownership providers, the housing finance industry, and housing builders and within the public housing resource needs identification process about the interest in and need to include homeownership as an option for people with disabilities, including the development of accessible housing stock incorporating Universal Design.

The Home Choice Coalition is committed to assisting eligible persons with disabilities to become homeowners. The Coalition has set as priorities Montana counties with the greatest degree of affordability, primarily in the central and eastern parts of the state. The Coalition has begun working with the Montana Homeownership Network, MBOH, MDOC Housing Division, Fannie Mae MTPO, USDA Rural Development, A.W.A.R.E., Inc., Central Montana Medical Center, Opportunities Resources, Inc., Section 8 contractors, lenders, and realtors in an effort to support implementation of the Section 8 Homeownership Voucher Program. In partnership with the MDPHHS Developmental Disability Program, the Coalition is also working with persons with developmental disabilities, who desire to become homeowners.

ADDRESSING LEAD BASED PAINT HAZARDS

MONTANA'S CHILDHOOD LEAD POISONING PREVENTION (CLPP) PROGRAM

Montana CLPP assesses the prevalence and incidence of lead exposures of young children in Montana by monitoring blood lead levels. Counties have been evaluated for risk according to poverty statistics of young children and the amount of older housing and the general condition of the housing. Review of this information indicated an appropriate method to reach children living in pre-1950 housing is to access children enrolled in the Special Supplemental Nutrition Program for Woman, Infant, and Children (WIC). Specifically, children whose income levels are below the threshold for eligibility in the Medicaid Program are assessed. Due to reductions in funding for screening services, only individuals with Medicaid or another private source of funding qualify for the test.

The Montana Department Public of Health and Human Services and Montana CLPP recognize that local health care providers are the most conscious of health care needs and resources in their communities. Grant funds continue to allow for surveillance of CLPP activities but have also reduced the number of contractual relationships with communities/regions from 10 to 4 and have also reduced the funding available to each community. As of June 30, 2002, Centers for Disease Control (CDC) grant funding of activities ceased and only locally-funded projects and State surveillance (data collection) continue.

LEAD-BASED PAINT REGULATIONS, TITLE X, SECTION 1012/1013

A Lead-Based Paint Task Force, was developed in the Spring of 2000 to address the issues surrounding the new Department of Housing and Urban Development (HUD) lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, that went into effect on September 15, 2000. The Task Force initially identified a lack of capacity of certified personnel in the State to meet the new lead-based paint regulations as its number one priority.

In 2000, Montana partnered with the Montana State University (MSU) Extension Service to bring Environmental Protection Agency (EPA) certified trainers from North Dakota to Montana to conduct two training seminars. One training session was for LBP Inspector and LBP Risk Assessor training. The second training session was for LBP Supervisors and LBP Workers. Many people attended the training; unfortunately, after careful consideration, over three-fourths opted not to continue the certification process. The reasons for their decision vary, but include travel restrictions, excessively high EPA certification costs, a very cumbersome certification process imposed by EPA and HUD, and the cost of liability insurance, to name a few.

Montana has made progress toward securing certified Inspectors, Risk Assessors, Supervisors, and Workers; however, very few, if any, programs in Montana are fully prepared to meet lead-based paint compliance regulations.

Table 11 – LEAD-BASED PAINT REGULATION COMPLIANCE CAPACITY						
Type of Assistance	Notification	Visual Inspection	Risk Assessment	Clearance	Interim Controls	Abatement
Housing Rehabilitation	Yes	Yes	No	No	No	No
Rental Assistance	Yes	Yes	No	No	No	No
Homebuyer's Downpayment Assistance	Yes	Yes	No	No	No	No
Acquisition	Yes	Yes	No	No	No	No

The State does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The State also has several individual contractors and a few companies certified to perform LBP activities (see Table 12 on page 55) within the State. Ninety-six persons are listed on *The Lead Listing* as trained in lead-safe practices for the State, however,

coverage is spotty (see map on page 56). Further, the construction industry and the persons involved in construction are constantly changing.

Table 12 – LEAD PROVIDERS			
Providers Offering Lead Evaluation Services In Montana ^A			
Company	Location ^B	State(s) Where Certification(s) are Held for:	
		Inspector ^C	Risk Assessor ^C
1. Butte-Silver Bow Health Department	Montana	MT	MT
2. CJ Consulting & Design, LLC	Montana	MT	MT
3. MCS Environmental	Montana	ID, MT, WA	ID, MT, WA
4. Law Engineering and Environmental Services, Inc. (Georgia)	Georgia	AK, AL, AZ, CA, CO, FL, GA, GU, HI, ID, IL, IN, KY, MD, MN, MO, MS, MT, NC, ND, NE, NJ, NM, NV, NY, OH, OK, PA, SC, SD, TN, TX, VA, VI, WA, WI, WY	AK, AL, AZ, CA, CO, FL, GA, GU, HI, ID, IL, IN, KY, MD, MN, MO, MS, MT, NC, ND, NE, NJ, NM, NV, NY, OH, OK, PA, SC, SD, TN, TX, VA, VI, WA, WI, WY
5. Inland Management and Assessment, Inc.	Idaho	ID, MT, NV, WA	ID, MT, NV, WA
6. Mircon, Inc. d/b/a Connor Environmental Services & Engineering Assessments	Maryland	AK, AZ, CA, CO, CT, DE, FL, GA, HI, ID, IL, MD, MI, MT, NC, ND, NE, NJ, NM, NV, NY, PA, SC, SD, TN, TX, UT, VA, WA, WV, WY	AK, AR, AZ, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, KY, LA, MD, MI, MN, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, PA, SC, SD, TN, UT, VA, WA, WI, WY
7. Innovative Environmental Consultants, Inc.	North Dakota	MT, ND, SD, WY	MT, ND, SD, WY
8. Dominion Environmental Group, Inc. (VA) d/b/a Dominion Due Diligence Group (D3G)	Virginia	AL, FL, GA, IN, LA, MI, MT, ND, NM, NY, OH, SC, SD, TN, TX, VA, WY	AL, FL, GA, IN, LA, MI, MT, ND, NM, NY, OH, SC, SD, TN, TX, VA, WY
9. Fulcrum Environmental Consulting, Inc.	Washington	ID, MT, WA	ID, MT, WA
Providers Offering Lead Hazard Control Services In Montana ^A			
Company	Location ^B	State(s) Where Certification(s) are Held for:	
		Supervisor (Contractor)	Project Designer
1. Butte-Silver Bow Health Department	Montana	MT	
2. Great Plains Asbestos Control Inc.	Nebraska	MO, MT, ND, NE, SD, WY	
3. Innovative Environmental Consultants, Inc.	North Dakota	MT, ND, SD, WY	MT, ND, SD, WY
4. Dominion Environmental Group Inc (VA) d/b/a Dominion Due Diligence Group (D3G)	Virginia		AL, FL, GA, IN, MI, MT, ND, NM, NY, OH, SC, SD, TN, TX, VA, WY
5. Inland Coatings, Inc.	Washington	ID, MT, WA	
^A The Lead Listing, The National Lead Service Providers' Listing Service, February 3, 2004			
^B Based on location of telephone number listed for the company			
^C Note that certified Risk Assessors can also perform Lead Inspections			

In-state LBP training is essential if HUD expects Montana to continue its commitment to meet federally imposed LBP regulations. The Lead Listing website provides information on private lead training providers; however, few of the trainers certified to provide training in Montana actually do so. MasiMax Resources, Inc. offered the *Joint EPA—HUD Curriculum: Lead Safety Training Program for Remodeling, Repair and Painting* on January 29, 2004 in Helena, which was attended by approximately 30-35 people from around Montana and North Dakota.

Currently, the Lead Listing website for lead training providers with course schedules (<http://www.leadlisting.org/LeadListing/TrainingProviders.nsf/docs/home>) does not have any additional training courses listed for Montana. However, in conjunction with the National Paint and Coatings Association (NPCA), MasiMax is offering the one day Lead-Based Paint Training Program for Renovators and Remodelers in Billings on May 20, 2004 and in Butte on September 16, 2004. This no-cost training program, which meets the HUD-EPA curriculum, is sponsored by the NPCA, and is the result of a cooperative agreement between the NPCA and the individual states. For more information, go to <http://www.lead safetraining.org>.



ACTIONS FOR THE PLAN YEAR

No single approach or unique priority fits all regions of Montana equally well. Acceptably addressing the range of severe needs, while allocating resources equitably, makes for a complicated housing and community development policy agenda. Nevertheless, Montana is committed to moving forward with a concrete set of objectives during the Plan year that will:

- Address obstacles to meeting underserved needs: See narrative on Tri-State HELP on page 38; *Efforts to Further Native American Housing Opportunities* starting on page 42; the Montana Continuum of Care on page 45; and Homeownership for People with Disabilities on page 52.
- Foster and maintain affordable housing (including the coordination of Low Income Housing Tax Credits with the development of affordable housing): See discussion on the Housing Working Group and Housing Coordinating Team on page 3; the Montana Continuum of Care, Home Choice Coalition and Tri-State HELP on page 4; Montana Board of Housing Programs starting on page 23; *Efforts to Further Native American Housing Opportunities* starting on page 42; and use of LIHTC on tribal land on page 42.
- Remove barriers to affordable housing: See the Program Objectives for Housing, A-1 through A-17 on pages 58 through 59, and for Homelessness, B-1 through B-6 on page 59.
- Evaluate and reduce lead-based paint hazards: See Addressing Lead Based Paint Hazards on page 53.
- Reduce the number of poverty level families: See *Program Objectives* for Economic Development, C-1, C-7, and C-9, on pages 60 and 61.
- Develop institutional structure: See discussion on the Housing Working Group and Housing Coordinating Team on page 3; and the Montana Continuum of Care, Home Choice Coalition and Tri-State HELP on page 4.
- Enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives: The State does not have a public housing authority. Public housing authorities are set up under state law at the local level to better meet the needs of the local community. However, the MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the discussion on the Housing Working Group and Housing Coordinating Team on page 3; and the Montana Continuum of Care, Home Choice Coalition and Tri-State HELP on page 4.

PERFORMANCE MEASUREMENT

In September 2003, HUD issued CPD Notice 03-09 regarding performance measurement. In the Notice, HUD strongly encourages each CPD formula grantee, which includes Montana's HOME, CDBG and ESG programs, to develop and use a

performance measurement system. To a certain extent, Montana has been measuring benefits of its housing programs on a biennial basis, which can be found in the publication *Economic Benefits of MDOC Housing Programs*, updated in December 2002. Additionally, the state is currently exploring additional options for a performance measurement tool that is meaningful to the individual programs and the programs' beneficiaries.

PROGRAM OBJECTIVES

Housing

- A-1. Relieve the shortage of available housing stock;
- A-2. Increase the stock of affordable rental units, especially assisted units;
- A-3. Promote resources available to build affordable housing units;

- A-4. Increase ability of low- and moderate-income households to buy homes;

- A-5. Increase resources to finance housing maintenance and improvements;

- A-6. Simplify housing assistance programs;

- A-7. Increase energy efficiency in Montana's housing stock;

- A-8. Increase assisted living housing for the elderly and physically and mentally disabled;

- A-9. Increase group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI) and other disabilities;

- A-10. Decrease housing environmental hazards, such as lead-based paint, asbestos, or black mold;

Table 13 – MONTANA HOUSING PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2001 – 2005 ¹⁸ HOUSEHOLDS				
Tenure	Household Type	MFI Range	Priority Level H,M,L,None	
Renter	Small Related	0-30%	H	
		31-50%	H	
		51-80%	M	
	Large Related	0-30%	H	
		31-50%	H	
		51-80%	M	
		Elderly	0-30%	H
			31-50%	H
			51-80%	M
	All Other	0-30%	H	
		31-50%	H	
		51-80%	M	
Owner		0-30%	H	
		31-50%	H	
		51-80%	H	
Special Populations		0-80%	H	
Total Goals				

¹⁸ The State has determined these priorities at the statewide level. It is up to each locality to determine its own area(s) of highest need.

- A-11. Continue the ability of the MDOC to provide technical assistance;
- A-12. Increase awareness of housing needs for minority and “special needs” populations and assist in building local capacity to meet those needs;
- A-13. Increase the supply of affordable rental units and homes for purchase;
- A-14. Continue to encourage homeownership training at the local level;
- A-15. Increase awareness of and monitor the level of predatory lending practices;
- A-16. Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing; and
- A-17. Evaluate applications from eligible participants based on the identified needs of the community, which may include a combination of job training or other welfare reform goals, along with housing goals.

Homelessness

- B-1. Secure available resources for persons requiring supportive and transitional services;
- B-2. Assist persons requiring supportive and transitional services to achieve permanent housing;
- B-3. Assist in meeting the supportive services needs for the homeless;
- B-4. Assist in securing stable funding sources for existing homeless facilities and services;
- B-5. Continue to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing; and
- B-6. Establish Interagency Council on Homelessness for the State.

The State of Montana was selected in January 2003 to participate in a Federal Homeless Academy “Improving Access to Mainstream Services for People Experiencing Chronic Homelessness” in May 2003. The Academy is a collaborative effort of the U.S. Departments of Health and Human Services, Housing and Urban Development, and Veteran Affairs that brings together teams of policymakers from various states and technical assistance providers to identify best practices for ensuring that the homeless have access to mainstream resources such as SSI, temporary assistance to needy families (TANF), Medicaid, food stamps and mental health services.

A team consisting of representatives from the Governor’s office, the legislature, state agencies, local advocates, and the Continuum of Care attended this comprehensive learning and planning session held in Chicago to develop an Action Plan. With a vision statement “to provide the state-level leadership and coordinated effort that will end chronic homelessness by 2010,” the team developed an Action Plan consisting of four priorities:

PRIORITY I: Coordinate Services: Establish the necessary leadership to create a sustainable structure and improve the coordination of homeless services statewide.

PRIORITY II: Case Management: To improve and strengthen effective Case Management of homeless.

PRIORITY III: Mobilize Resource: Access all available resources and identify where new resources can make a critical difference.

PRIORITY IV: Outreach: Create new outreach effort and leverage current outreach efforts to increase enrollment of hard-to-reach chronic homeless individuals.

Each priority has a number of strategies followed by actions, additional steps that may be required, completion dates, and benchmarks or outcomes. A complete copy of the Action Plan for Montana can be found at:

http://www.hrsa.gov/homeless/state_pages/pa4/mt.htm

Additional information on the Homeless Policy Academies can be found at:

<http://www.hrsa.gov/homeless/>

Economic Development

- C-1. Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans;
- C-2. Increase economic activity which adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
- C-3. Increase economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- C-4. Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50 percent) outside of Montana;
- C-5. Allow local communities to identify their own needs and develop their own initiatives;
- C-6. Assist businesses and communities in achieving prosperity through various state and federal programs;
- C-7. Assist micro-enterprise development through technical assistance grant funding;
- C-8. Assist communities and small businesses participating in the state rural outreach program for Small Business Innovation Research/Small Business Technology Transfer Programs; and

- C-9. Place a high consideration on funding companies that create jobs that pay at least \$12.81 per hour in salary or salary plus benefits.

Infrastructures and Public Facilities

- D-1. Provide Planning Grants to identify overall community development and housing needs necessary to get a project under way, or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, preliminary engineering or architectural report, capital improvement plan, or similar planning studies needed to help a community address critical needs.
- D-2. Continue to provide technical assistance to communities; and
- D-3. Fully award all CDBG public facility funds.

Table 14 – NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2001 – 2005 ¹⁹			
PRIORITY COMMUNITY DEVELOPMENT NEEDS	PRIORITY NEED LEVEL High, Medium, Low, No Such Need	ESTIMATED DOLLARS NEEDED TO ADDRESS (IN MILLIONS)	ANTICIPATED DOLLARS AVAILABLE TO ADDRESS IN FISCAL 1996 (IN MILLIONS)
INFRASTRUCTURE IMPROVEMENT	H	\$1,612	
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H		
Other Infrastructure	M		
PUBLIC SERVICE NEEDS	M		
PLANNING	M		
OTHER COMMUNITY DEVELOPMENT NEEDS	M	\$1,045	
Lead Based Paint/Hazards	M		
ECONOMIC DEVELOPMENT NEEDS	H	\$2,619	
TOTAL PRIORITY NON-HOUSING COMMUNITY DEVELOPMENT NEEDS	M	\$5,276	\$6.5

Location, Growth and Provision of Infrastructure to Serve Affordable Housing

Decisions as to where new housing growth will occur, whether occurring within the boundaries of our incorporated cities and towns or in outlying areas, have a great influence on the ability of Montana's local governments to provide infrastructure for and related services to new developments. One of the goals of the Montana Consolidated Plan is to analyze this aspect of housing affordability. MDOC staff conducted a study to evaluate where new growth is taking place and to determine what effect the location of growth has on Montana's' goals to provide affordable housing.²⁰

¹⁹ The State has determined these priorities at the statewide level. It is up to each locality to determine its own area(s) of highest need.

²⁰ Contact the CDBG Program at (406) 841-2770 to obtain a complete copy of the study.

The availability of an adequate infrastructure system is crucial to the success of efforts to provide affordable housing and livable communities for all Montanans. Local governments must have the capacity to provide safe drinking water, to treat wastewater, to accommodate storm water runoff, to construct streets and sidewalks, and to provide necessary public facilities in order to make a community livable, as well as affordable. The extent to which the cost of this infrastructure must be borne, either directly or indirectly, by a homebuyer rather than by the community at large plays a significant role in determining the sale price of a home.

State law provides encouragement for Montana local governments to develop policies to guide community growth. The 1999 Montana Legislature updated an old tool for community development and land use planning – the comprehensive plan or master plan. Counties, cities, and towns have been authorized to adopt master plans, but under the new law, these plans (now termed “growth policies”) must meet certain minimum requirements. The specific requirements for the content of community growth policies are set forth in section 76-1-601 of the Montana Code Annotated. One of the key elements is the preparation of a strategy for development, maintenance, and replacement of public infrastructure.

One factor complicating the provision of infrastructure is many Montanans have chosen to build homes outside of the boundaries of incorporated cities and towns, which have historically supplied the infrastructure and accompanying services for new homes built within the State. Increasingly, for a variety of reasons, in many counties, most new housing is located in unincorporated areas outside city limits and towns. In many cases, the only vacant, developable lots available at an affordable price for low- and moderate-income families are located in outlying, unincorporated areas. County governments and special districts have now been thrust into a new role of providing infrastructure and services for residential development, with all the accompanying financial and management challenges that go along with paying for and maintaining the necessary public works.

Table 15 – LOCATION OF GROWTH						
MONTANA POPULATION						
U.S. Census Bureau						
AREA	1970	1980	1990	2000	1970-2000 30-year growth rate	1990-2000 10-year growth rate
Incorporated Cities and Towns	427,850	437,273	453,884	484,384	13.2%	6.7%
Unincorporated Areas	266,559	349,417	345,181	417,811	56.7%	21.0%
TOTAL MONTANA	694,409	786,690	799,065	902,195	29.9%	12.9%

How will this trend of new residential growth in unincorporated areas affect the ability to provide a wide variety of housing at an affordable price for all Montanans? The cost of infrastructure can often represent up to one-third of the purchase price of a home's building site or lot. In some cases, when development occurs in outlying areas where land is initially cheaper and limited community infrastructure is provided, homebuyers

end up paying much higher transportation and commuting costs that represent hidden long-term housing costs, in addition to the on-going, monthly mortgage payment.

Communities that attempt to provide the infrastructure for new residences contiguous to existing development or that seek to encourage the “in-fill” of existing, vacant lots, in many cases are faced with the financial challenge of replacing aging infrastructure or sharing in the costs with developers to attempt to keep housing prices affordable.

PROGRAM SPECIFIC REQUIREMENTS

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Montana administers nonentitlement (communities under 50,000 in population) Community Development Block Grant (CDBG) funds through the Community Development and Business Resources Divisions of the MDOC. The CDBG Program was established by the Federal Housing and Community Development Act of 1974 and has been administered by the Montana Department of Commerce since 1982. The CDBG Program is a federally funded competitive grant program designed to help communities of less than 50,000 in population with their greatest community development needs. Eligible applicants are limited to general-purpose local governments. All projects must principally benefit low- and moderate-income persons.

The primary objective of the CDBG Program is to develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities for persons of low- and moderate-income. Seventy percent of the funds must be used for activities that benefit low- and moderate-income persons.

The basic categories for local community development projects are housing, public facilities, and economic development. Some of the activities that can be carried out with CDBG funds include the acquisition of real property; rehabilitation of residential and nonresidential properties (including special facilities for the handicapped); construction of new, affordable housing (when sponsored by a nonprofit organization); provision of public facilities and improvements such as water, sewer, or solid waste facilities, or senior citizen centers; and assistance to for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

<u>Type of Grant</u>	<u>Ceiling</u>
Housing	\$ 500,000
Public Facilities	\$ 500,000
Planning – Public Facilities & Housing	\$ 20,000
Economic Development	\$ 400,000
Planning – Economic Development	\$ 15,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources, to complete the proposed activities within 24 months from the date of the announcement of grant award by the Department. There are no minimum amounts required for CDBG requests, although requests under \$100,000 generally are not cost effective due to the administrative requirements that accompany the program.

<u>Type of Grant</u>	<u>Deadline</u>
Public Facilities— FFY 2005	May 28, 2004
Housing—FFY 2005	November 19, 2004
Planning Grants	April 23, 2004
Economic Development	Open Cycle

Applications must be delivered or postmarked on or before the deadline date. Applications for Economic Development assistance can be made at any time.

Ranking Criteria

Housing

Housing applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1. Community Planning & Needs Assessment	125 Points
2. Need for Project	100 Points
3. Project Strategy and Community Efforts	200 Points
4. Benefit to Low- and Moderate-income	150 Points
5. Need for Financial Assistance	100 Points
6. Implementation and Management	<u>125 Points</u>
TOTAL:	800 Points

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a housing application to be considered for funding is 550. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Public Facilities

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1. Community Planning & Needs Assessment	125 Points
2. Need for Project	125 Points
3. Project Concept and Technical Design	100 Points
4. Community Efforts	75 Points
5. Need for Financial Assistance	150 Points
6. Benefit to Low- and Moderate-income	100 Points
7. Implementation and Management	<u>125 Points</u>
TOTAL:	800 Points

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a public facilities application to be considered for funding is 450. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Economic Development

For-profit businesses applying to the CDBG-ED Program under the sponsorship of a local government must meet certain thresholds to be considered for funding. These are listed in the Application Guidelines of the CDBG-ED Program. In addition, the community and business must demonstrate the following:

1. All requirements are met or exceeded.
2. The level of CDBG-ED assistance is appropriate in relation to the public benefit expected to result from the project.
3. The proposed management is experienced in the type of business activities proposed and has demonstrated the capacity to successfully manage the entity to be assisted.
4. The application is complete as submitted and contains accurate information.
5. The earnings projections submitted with the application are realistic and attainable, are supported by historical trends and industry norms, and indicate that the projected cash flow is sufficient to support the proposed increased debt.
6. The CDBG-ED funds would be adequately secured with all reasonably available assets and/or personal guarantees.
7. The application documents a sound, well-reasoned proposal with a perceived strong chance success if CDBG-ED funds are received.
8. The private or public sector lenders involved in the project have provided firm commitment of funds.
9. The project is ready to proceed upon the notification of the tentative CDBG-ED award and implementation will begin immediately.
10. The application conclusively demonstrates that the project will support itself over time and will not impose a burden on any local government or nonprofit entity participating in the project.

11. The applicant has considered the quality of the job and the wage it pays. The Loan Review Committee will place greater weight on job quality and wages paid when evaluating CDBG-ED projects for funding.
12. Applications where viability may be questionable, or where the overall business plan or the need for CDBG-ED assistance is not adequately documented, may be restructured, renegotiated, or not funded, depending on the severity and the nature of the problems identified.

Funds are awarded on a first-come, first-served basis, if the thresholds and underwriting criteria are met, until the funds run out.

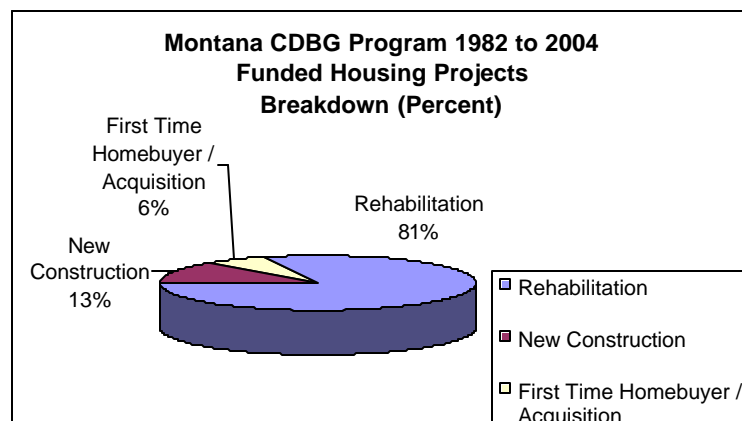
CDBG Program Categories

Housing Projects

For housing, CDBG funds are most often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households. CDBG funds can also be used to finance or subsidize the construction of new permanent residential units where the CDBG funds will be used by a local nonprofit organization. Housing projects can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing.

Transitional (temporary) housing is eligible under the housing category. The acquisition of sites for new housing and conversion of existing nonresidential structures for residential use are also eligible CDBG housing activities.

Over the past 22 years, CDBG has funded about 87 housing projects that equal more than \$28 million in CDBG funds alone.



Public Facility Projects

For public facility projects, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer systems and other public facilities. During the last several years, communities have also utilized the CDBG Program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, Head Start centers, and public nursing home facilities and hospitals in rural communities.

Economic Development Projects

For economic development, Montana's CDBG Program is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the Economic Development Administration (EDA) and Small Business Administration (SBA). The program is also encouraged to complement the Montana Department of Commerce programs for business assistance administered by the Business Resources Division, such as the Regional Development Program and the state Micro Business Finance Program, as well as programs administered by the Montana Board of Investments.

The CDBG Economic Development Program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure, and other improvements in support of economic development, such as water and sewer lines, sidewalks, and access roads; loans for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, or working capital; and grants or loans from communities to nonprofit entities.

Monitoring

CDBG projects will be monitored on-site during the Plan Year. A basic requirement of the Montana CDBG Program - Housing, Public Facilities and Economic Development is that each project will be monitored by State program staff at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and State program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

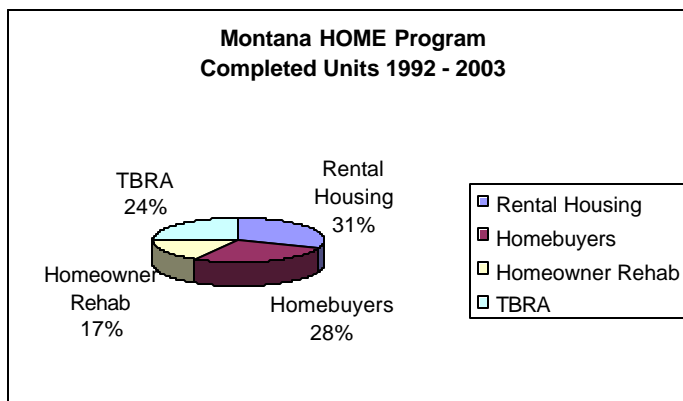
For CDBG economic development projects, the method of project monitoring has been modified over the years in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial evaluation procedures, requiring additional technical assistance from the state and other federal partners. A revolving loan fund (RLF) checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG

economic development projects may be monitored in areas only where performance problems are anticipated.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Program, administered within the MDOC Housing Assistance Bureau, expands the supply of decent, safe, affordable housing for low- and very low-income Montana families.

The program allows a wide range of eligible activities, including tenant-based rental assistance (TBRA); assistance to homebuyers (down payment and closing costs); property acquisition; new construction; reconstruction, relocation, and moderate or substantial rehabilitation; site improvements; and other activities to develop non-luxury housing.



All cities (excluding the entitlement cities of Billings, Great Falls, and Missoula in the first round of applications), urban counties, contiguous units of local government, housing authorities, and Community Housing Development Organizations (CHDOs) are eligible to apply for HOME funds under the program. A formula allocation of federal funds is distributed to each state and entitlement city. A minimum of 15 percent of the funds are set aside for programs owned, developed, or sponsored by CHDOs. All HOME funds must assist families below 80 percent of the median income, and be distributed on a competitive basis.

HOME Application Deadline:	March 5, 2004
HOME Award Date (Tentative):	May 2004
HOME Administration Workshop (Tentative):	June 2004

The competitive application process ensures that funds are awarded to those programs providing the best response to local housing needs, that are the most ready to proceed, and that are consistent with the State's Consolidated Plan and the HOME Program requirements.

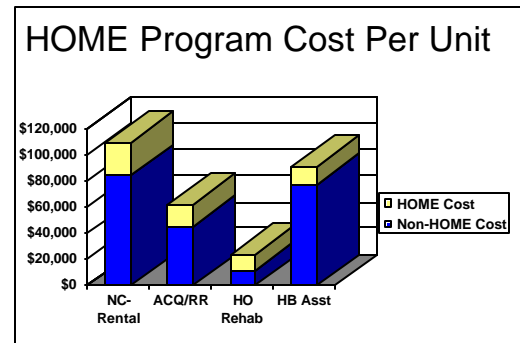
To assure that applications are evaluated consistently and fairly, all projects are evaluated against ranking criteria set forth in the Application Guidelines published each year. A project can score a maximum of 600 total points. A project must achieve a minimum score of 300 points in order to be funded.

A. Financial Management	200 Points
B. Program Management	100 Points
C. Project Planning	100 Points
D. Capacity Determination	<u>200 Points</u>
Total Possible	600 Points

Funds are awarded to the top-ranked CHDO applications receiving a score of at least 300 points until the required 15 percent set-aside requirement is met. The balance of the funds is awarded to the remaining top-ranked projects achieving the minimum score, including any CHDOs not funded by the set-aside, until all funds are allocated. If all funds are not awarded due to an insufficient number of applications meeting the minimum funding threshold, the remaining funds will either be awarded through a second round of competition or retained and allocated in the next funding cycle.

Match Requirement

Required contributions, or “match,” for grantee applicants ranges from 5 percent to the federally mandated 25 percent of non-administrative HOME funds expended. Any balance of the match requirement is provided by MDOC funds and/or previous years’ excess match. Matching funds must be used for HOME assisted or HOME qualifying projects.



As a rule, investment from State/local government or private sources will be eligible to qualify as a matching contribution. Eligible sources of match include: cash; the value of foregone interest, taxes, fees or charges by both public and private entities; value of donated land or real property; investments in on- or off-site improvements; bond financing; donated construction materials and voluntary labor. Federal funds (including CDBG funds) and owner financing/equity are ineligible match sources.

Period of Affordability

HOME assisted units must remain affordable for a specific length of time. Deed restrictions, covenants running with the land or other approved mechanisms will ensure the period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. **Table 16** outlines the affordability periods.

Table 16 – HOME PROGRAM PERIOD OF AFFORDABILITY				
Activity	Years of Affordability			
	5	10	15	20
New Construction or Acquisition of Newly Constructed Rental Housing (any \$ amount)				X
Rehabilitation or Acquisition of Existing Housing, with HOME funds invested per unit as follows:				
Under \$15,000	X			
\$15,000 to \$40,000		X		
Over \$40,000 or Rehabilitation involving Refinancing (Rental Housing Only)			X	
Homeowner Rehabilitation	No period of affordability (placement of restrictions on sale or rental of rehabilitated property are appropriate, and recommended)			

Guidelines for Recapture or Resale

Based on the amount of HOME dollars invested, homebuyer assistance programs are subject to a period of affordability. In addition, sale of the property by the homebuyer during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy.

The **Resale** provision provides for the initial property to remain affordable for the period of affordability. The subsequent purchaser must be low-income and occupy the property as his/her principal residence. The seller of the initial property will receive a fair return on his/her investment, but the unit must also be “affordable” to the purchaser. This can be accomplished with a deed restriction with the right of first refusal or purchase. This provision is rarely used and will be used less in light of HUD’s interpretation of regulations regarding repayment of grants funds during a foreclosure.

The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided and the affordability period on which it is based. Repayment of HOME proceeds at transfer of the property must be reinvested in another HOME-eligible activity. The beneficiaries of that investment must also be low-income households.

There are three acceptable methods of recapture:

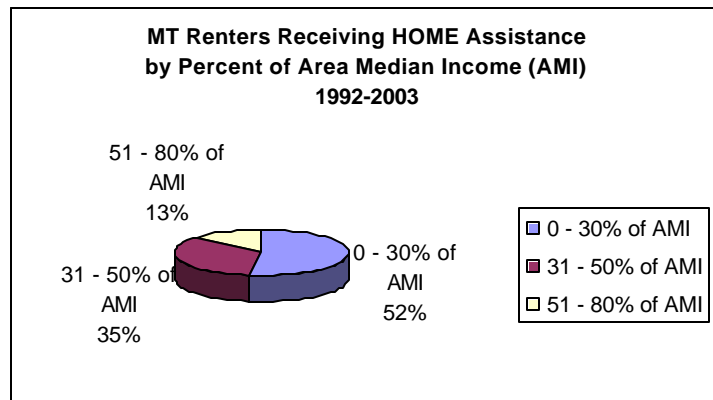
1. Recapture the entire amount of the HOME investment. The amount may be reduced based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
2. The net proceeds may be based upon the ratio of the HOME subsidy to the sum of the Homebuyer’s investment plus the HOME subsidy.
3. If agreed upon, the program may allow the homeowner to recover all of his/her investment before recapturing the HOME investment.

Grantees concerned about the possibility of repaying funds in the case of foreclosure may wish to adopt recapture provisions that base the recapture amount on the net

proceeds available from the sale rather than the entire amount of the HOME investment.

Monitoring

All HOME projects will be monitored on-site. Monitoring includes determining compliance with housing codes and applicable regulations, assessing affirmative marketing actions and outreach to minority and women owned businesses, and reviewing data on the amount and use of program income or CHDO proceeds, as applicable, for projects, including the number of projects and owner and tenant characteristics. The HOME Program staff will specifically check soft costs and project costs of HOME funds drawn on a minimum of 15 percent of the drawdown requests. HOME Program staff will also verify annual Income and Affordability certifications.



Source: HUD HOME Program Performance SNAPSHOT as of 12/31/03 for the State of Montana

The HOME Program will monitor all projects completed during the program year in a timely manner. On-site visits of rental units are conducted based on the number of project units and a period of affordability. On-site visits of TBRA units are performed each year. HOME staff will also verify Program Income or CHDO Proceeds reports during on-site visits.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants (ESG), administered by the Intergovernmental Human Services Bureau, are to help improve the quality of existing emergency shelters for the homeless, make available additional shelters, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The grants are 100 percent funded by the U.S. Department of Housing and Urban Development. The 10 Regional Human Resource Development Councils (HRDCs) receive 95 percent of the grant funds. The Montana Department Public of Health & Human Services retains the remaining 5 percent for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and the provision of follow-up and long-term services to help homeless persons escape poverty. Shelters assisted and services delivered are determined by the regional HRDCs.

The Montana Emergency Shelter Program distributes funds based upon a formula allocation. The amount of funds allocated is determined based on poverty levels and general population in each service area, relative to the poverty and general population of the entire state. Funds are distributed to each Human Resource Development Council. All HRDCs will submit work plans, budgets, and reports outlining which of the

allowable activities will be undertaken. The work plans must include how matching funds will be realized, and a certification of local approval verifying that budgets and work plans have been reviewed and approved by a representative of the respective jurisdiction. Each HRDC matches 100 percent of the funds received from ESG with local resources, primarily United Way funding and volunteer labor.

ESG funds provide medical services to homeless individuals and families, pay for hotel/motel rooms for homeless individuals, pay rent or mortgages for homeless families, and provide support groups, individual counseling, referral, advocacy, and transport to homeless persons. Shelters use funds to pay rent or mortgages, pay utilities, buy furnishings, and pay for maintenance and operational costs of their facilities. ESG funds also pay security deposits on rent or utilities (or first month's rent) to enable homeless families to move into their own dwellings. The Department has elected to allocate its funding to the ten nonprofit HRDCs across the State.

Monitoring

ESG funds will be distributed to each Human Resource Development Council in Montana. The HRDCs submit annual work plans, budgets, and reports outlining which allowable activities will be undertaken. The MDPHHS enters into a contract with each HRDC, which will explicitly describe percentage limitations on staff operations established by HUD regulation. ESG staff monitors each HRDC onsite annually, following the work plan submitted, and checks expenditures made to ensure contract compliance.

SUMMARY OF CITIZEN PARTICIPATION

(for Plan Year April 1, 2004 – March 31, 2005)

The Consolidated Plan (CP) citizen participation process allows the public an opportunity to play an active role in how the State of Montana administers the HUD programs. The following recap of the public review process follows the Citizen Participation Plan dated April 2003, which covers the planning for the year beginning April 1, 2004.

The Montana Consolidated Plan Steering Committee and the Montana Department of Commerce utilize several options to encourage citizen participation in the preparation and review of the Montana Consolidated Plan, Annual Action Plan:

- ☑ Sending invitation letters, including an Executive Summary of the Annual Action Plan for public review, to an 800-plus member Consolidated Plan mailing list, which consists of individual citizens, local governments, public agencies, various interested nonprofit organizations, and elected officials;
- ☑ Posting the citizen participation plan, and dates, times and locations of public meetings on the new MDOC Housing website at:
<http://housing.state.mt.us/>
- ☑ Posting the draft Annual Action Plan on the MDOC Housing website;
- ☑ Posting Consolidated Plan supporting documents on the MDOC Housing website;
- ☑ Printing and providing hard copies of the Annual Action Plan;
- ☑ Making hard copies of the Annual Action Plan and Consolidated Plan supporting documents available to the Montana State Library, which enters them into the online Montana State Library catalog and distributes the hard copies to its participating depository libraries across Montana;
- ☑ Conducting community meetings at differing times and in various locations across the State to encourage participation;
- ☑ Recruiting assistance from program applicants and recipients at the local level to encourage participation from low- and moderate-income persons in the planning process;
- ☑ Placing display advertisements in local newspapers in the communities hosting the public meetings and in the newspapers of surrounding communities;
- ☑ Running public service announcements on local radio and/or television for public meetings;
- ☑ Posting meeting information on the *Discovering Montana* Calendar of Events for the Department of Commerce at:

<http://app.discoveringmontana.com/webapps/cal/event>

- ☑ Attending meetings and conferences sponsored by statewide organizations, such as the Montana Association of Counties, to provide information about the Consolidated Plan and to encourage participation in the public meetings;
- ☑ Advertising the meetings through the list serve for the Montana Economic Developers Association (MEDA); and
- ☑ Sending personal letters to local citizens, public officials, and local organizations inviting them to the public meetings being held in their area.

PUBLIC INPUT MEETINGS

In the spring, an informational letter was sent to people on the Consolidated Plan mailing list inviting individuals, agencies, and organizations to participate in the preparation of the Montana Annual Action Plan for the year beginning April 1, 2004. Display advertisements were placed in newspapers in the host communities and surrounding communities asking for public comment, giving dates and locations of upcoming public input meetings.

Billings, Helena, and Pablo

During March and June 2003, three community input meetings were held:

- Billings, located in southeastern Montana, on March 11;
- Helena, in a central portion of the State, on June 3; and
- Pablo, in northwest Montana on the Flathead Reservation, on June 11.

The Billings and Helena meetings were held during the lunch hour, with a free lunch provided. The Billings meeting was held in conjunction with the “Planning and Building It Right” workshop for infrastructure planning, financing, and management, co-sponsored by the Montana Departments of Commerce, Environmental Quality, and Natural Resources and Conservation, and USDA Rural Development/Rural Utility Service. The meeting in Helena was a part of the “Needs Assessment/Market Analysis” training sponsored by the MDOC Housing Division and the Montana Board of Housing, respectively. Light refreshments were provided at the third meeting, which was held in the morning in Pablo as a part of the “American Indian Pathways to HomeOwnership” conference and the Salish-Kootenai Housing Fair.

Turnout at the public meetings was excellent with 29 attendees in Billings; 63 in Helena; and 21 in Pablo. Representatives from HOME, CDBG, Section 8, and the Montana Board of Housing were present to answer questions and respond to public comments.

PUBLIC REVIEW MEETINGS

The draft Annual Action Plan (AAP) was released to the public in September 2003 announcing a public comment period through December 15, 2003. A packet, including an Executive Summary of the AAP, was sent to the 800-plus individuals and

organizations on the Consolidated Plan mailing list. Display advertisements were placed in key newspapers announcing: the draft Annual Action Plan comment period, the document website address, where to obtain hard copies of the document, where to send written comments, and the date and locations of the local, on-site meetings.

Billings and Butte

Two community public review meetings were held: one in Billings and one in Butte. The Billings review meeting was held on September 16 from 7:30 to 8:30 a.m. Held in conjunction with the 2004 HOME Application Workshop, the meeting was combined with the hearing for the Statewide PHA Plan Update and the Low Income Housing Tax Credit's draft Qualified Allocation Plan (QAP) for 2004, and proposed HOME Program changes. The Butte meeting was also held from 7:30 to 8:30 a.m. in conjunction with the 2004 HOME Application Workshop, and included HOME Program updates and the Statewide PHA Plan Update. Display advertisements for both meetings were placed in the local newspapers, and public announcements ran on the local radio and/or television stations. Personal invitation letters were sent to local officials, public agencies, and interested citizens in each area.

PUBLIC COMMENTS

Copies of audio tapes, transcripts and/or notes of the public input and review meetings are on file with the Montana Department of Commerce, Housing Division, 301 South Park Avenue, P.O. Box 200545, Helena, Montana 59620.

A recap of the comments concerning the HOME Program at the public meetings follows.

HOME Program

The HOME Program did not propose any major changes. The program will likely have changes to propose once the rules for the ADDI funds are available, and once a decision about funding under the Permanent Housing to End Chronic Homelessness is made. The HOME Program will solicit public comment on the distribution of funds received under either program.

In addition, the Annual Action Plan for the Plan Year April 1, 2004 – March 31, 2005 will be amended and formally publicized once the rules for the ADDI Program are available and if funds are received under the Permanent Housing to End Chronic Homelessness NOFA.